

Appendix B

INTERAGENCY AGREEMENTS

- Revised Basic Agreement for Ownership, Operation and Maintenance of a Joint Sewage System as Amended February 8, 2000
- Agreement for Ownership, Operation, and Maintenance of the Vista/Carlsbad Interceptor – February 26, 2002
- Agreement between the Buena Sanitation District and City of Carlsbad for the Lease of Capacity in the Encina Outfall – December 15, 1981
- Agreement between the Buena Sanitation District and City of Carlsbad for the Lease of Additional Capacity in the Encina Outfall – December 15, 1987
- Palomar Joint Land Outfall Interceptor Interagency Agreement – January 8, 1985
- Occidental – Carlsbad – Leucadia – Encinitas Agreement in regard to Construction of Sewer Pipeline South from the Encina Water Pollution Control Facility – August 24, 1972
- Agreement between the Leucadia County Water District and the City of Carlsbad Regarding the Woolley Annexation – April 24, 1984 [Carlsbad resolution # 7534]
- Agreement for Exchange of Sewage Flows Between the Vallecitos Water District and the City of Carlsbad (Meadowlark Estates/Rancho Carrillo Sewer flow Agreement) – March 24, 2000 [Carlsbad Resolution # 2000-83]
- Reimbursement Agreement for Wastewater Treatment and Disposal for Carlsbad Tract No. 73-79 Carrillo Estates Unit No. 2 [Carlsbad Resolution # 73-29]
- Agreement for Temporary Wastewater Collection for Carlsbad Tract No. 93-04 with Leucadia County Water District [Carlsbad Resolution # 2000-172]

**REVISED BASIC AGREEMENT
FOR
OWNERSHIP, OPERATION AND MAINTENANCE OF A JOINT SEWAGE SYSTEM**

AS AMENDED FEBRUARY 8, 2000

Ref:F&HR.00-4441

June 30, 2000

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**REVISED BASIC AGREEMENT
FOR
OWNERSHIP, OPERATION AND MAINTENANCE OF A JOINT SEWAGE SYSTEM
AS AMENDED
EFFECTIVE FEBRUARY 8, 2000**

THIS AGREEMENT (hereinafter referred to as the Revised Basic Agreement), is made and entered into this 8th day of February 2000, by and among the CITY OF VISTA, a general law city (hereafter VISTA), the CITY OF CARLSBAD, a general law city (hereafter CARLSBAD), the BUENA SANITATION DISTRICT, a County Sanitation District (hereafter BUENA), the VALLECITOS WATER DISTRICT, a County Water District (hereafter VALLECITOS), the LEUCADIA COUNTY WATER DISTRICT, a County Water District (hereafter LEUCADIA), and the City of Encinitas, a general law city (hereafter ENCINITAS).

RECITALS

WHEREAS, the parties hereto are responsible for providing sewage collection, transmission, treatment and disposal services in their respective service areas and are authorized to contract with other parties for the provision of such services; and,

WHEREAS, on July 13, 1961, VISTA and CARLSBAD entered into a Basic Agreement pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code to acquire, construct and operate a Joint Sewer System; and,

WHEREAS, the Basic Agreement provided that other municipal corporations and public districts or agencies may become parties to the Basic Agreement, thereby becoming members of the joint powers authority; and,

WHEREAS, on January 6, 1964, BUENA became a member of the joint powers authority and acquired certain interests and capacity rights in the Joint System; and,

WHEREAS, on March 22, 1965, VALLECITOS (then San Marcos) became a member of the joint powers authority and acquired certain interests and capacity rights in the Joint System; and,

WHEREAS, on August 17, 1971, LEUCADIA and ENCINITAS (then Encinitas Sanitary District) became members of the joint powers authority and acquired certain interests and capacity rights in the Joint System; and,

WHEREAS, it is the desire of the parties hereto to (a) continue functioning through a joint powers authority and (b) modify and condense the enabling legal documents for the joint powers authority by entering into a Revised Basic Agreement pursuant to Article 1, Chapter 5, Division 7, Title 1 of California Government Code relating to the joint exercise of powers, for the purposes of planning, designing, owning, operating, and maintaining a joint sewer system and concurrently establishing, by separate agreement, the Encina Wastewater Authority.

NOW THEREFORE, THE PARTIES HERETO COVENANT WITH EACH OTHER AS FOLLOWS:

Section 1 DEFINITIONS

For the purposes of this agreement the following terms shall have the meanings indicated:

1.1 Joint Advisory Committee (JAC). A committee composed of representatives of the member agencies that advises both the member agencies and the Operator/Administrator on issues relating to the Joint System.

1.2 Joint System. The Encina Water Pollution Control Facility (Unit I), and the Encina Ocean Outfall (Unit J) including all related land, rights of way, and appurtenances.

1.3 Member Agencies. The six members of the Encina Wastewater Authority: Vista, Carlsbad, Buena, Vallecitos, Leucadia, and Encinitas.

1.4 Operator/Administrator. The public agency designated by the member agencies as being responsible for operating, maintaining, and administering the Encina Joint System. Since August 1, 1988, the Operator/Administrator has been the Encina Wastewater Authority.

1.5 Biosolids. Primarily organic solid product, produced by the wastewater treatment processes, that can be beneficially recycled.

History: Adopted December 17, 1990; Amended effective November 18, 1992; November 9, 1994.

Section 2 JOINT PARTICIPATION

The member agencies shall participate jointly in the planning, design, acquisition, construction, ownership, operation, maintenance and use of the Joint System (including any future expansions thereof), and shall pay for such activities as hereinafter specified.

History: Adopted December 17, 1990.

Section 3 AREA TO BE SERVED BY THE JOINT SYSTEM

3.1 Existing Service Area. The area to be served by the Joint System is shown on Exhibit A, which is attached hereto and made a part of this Revised Basic Agreement by reference. Areas lying outside a member agency's legal boundary but inside that member agency's Exhibit A service area may be served by the member agency, providing the member agency provides assurance in the form of a legally binding agreement that these discharges will meet all applicable rules and regulations. Any wastewater or biosolids received from outside a member agency's legal boundary pursuant to such agreement shall be regarded as the wastewater or biosolids of the member agency for the purposes of billing, capacity, and source control.

3.2 Revisions to the Service Area. Areas lying outside the Exhibit A service areas of the member agencies may be served, provided such areas are annexed by a member agency. Notification of such annexations must be made in writing to the Joint Advisory Committee so that Exhibit A can be modified as appropriate. Member agencies can also request alteration of their Exhibit A service areas; such modifications must be approved in writing by all member agencies, as

evidenced by receipt of resolutions from the governing bodies of all member agencies. Member agencies whose Exhibit A service areas are enlarged shall be responsible for providing adequate capacity.

3.3 Prohibition on Discharges from Outside the Exhibit A Service Area. Each member agency agrees that it will neither permit nor knowingly countenance the use of the Joint System, directly or indirectly, for the disposal of wastewater or biosolids originating outside of its legal boundary except in the above manner, extent and conditions.

History: Adopted December 17, 1990; Amended effective November 18, 1992; November 9, 1994.

Section 4 ENLARGEMENT OF THE JOINT SYSTEM

Any member agency having first obtained the consent of Carlsbad and Vista, may at its sole cost and expense enlarge any portion of Unit I or J of the Joint System in which it is the owner of capacity rights and any increased capacity in such unit or portion resulting from such enlargement shall belong to the member agency paying the cost and expense thereof. No member agency shall unreasonably withhold consent to such enlargement. Any such enlargement shall be constructed in accordance with plans and specifications approved by Carlsbad and Vista.

History: Adopted December 17, 1990; Amended effective November 18, 1992.

Section 5 PROTECTION OF THE JOINT SYSTEM/SOURCE CONTROL

5.1 Protection of the Joint System. The Joint System shall not be used by any member agency for any purpose other than the conveyance, treatment, reuse, or disposal of wastewater and its by-products. Wastewater shall be construed to mean domestic sewage and trade wastewaters. Each member agency shall adopt and enforce ordinances, resolutions, rules and regulations, concerning the type and condition of wastewater permitted to be discharged into the sewers under its control and shall prohibit the discharge of any wastewater which would be detrimental to the Joint System, or to the use of by-products generated by the Joint System. Such ordinances, resolutions, rules and regulations shall reflect the applicable federal and state statutes and regulations and shall be consistent with the Operator/Administrator's industrial pretreatment regulations.

5.2 Prohibitions. No member agency shall allow excessive infiltration of any surface or storm waters to be discharged directly or indirectly into the Joint System. No member agency shall allow cooling water or other unpolluted industrial wastewater to be discharged directly or indirectly into the Joint System without the consent of all other member agencies. No member agency shall authorize a discharge from any groundwater cleanup site unless the discharge is authorized in advance by the Operator/Administrator.

History: Adopted December 17, 1990; Amended effective November 18, 1992.

Section 6 CAPACITY AND USE OF CAPACITY (CAPACITY INFRINGEMENT)

Each member agency shall own and enjoy a perpetual right to use its Joint System capacity in the proportions set forth immediately below herein. No member agency shall in any way grant,

encumber, limit or restrict its interest in any part of the Joint System for any purpose other than the treatment and disposal or reuse of wastewater and the management of wastewater treatment byproducts, or use the Joint System or any part thereof to a greater percentage than its capacity rights, except as set forth in Section 9 herein, without the prior written consent of the other member agencies, provided that no such excessive use without written consent shall be construed as a waiver of capacity rights by any member agency.

History: Adopted December 17, 1990; Amended effective November 18, 1992.

Section 7 CAPACITY MONITORING

Each member agency shall participate in a joint flow metering system, operated and administered by the Operator/Administrator, and facilitate such measurements of flow into the Joint System as needed for billing purposes and to verify that each agency is within its capacity rights. This metering system shall be maintained according to a separate agreement executed by the Operator/Administrator and the member agencies.

History: Adopted December 17, 1990.

Section 8 ACQUISITION/SALE OF EXCESS CAPACITY

In the event that any member agency hereafter requires additional capacity in the Joint System and capacity is available from another member agency, the capacity may be licensed, leased or purchased as necessary. Such lease or purchase shall be on terms as are hereafter agreed upon by the member agencies involved. In the event an inter-agency capacity agreement is adopted, the Joint Advisory Committee shall be notified in writing. Licensing, lease or purchase shall be subject to the terms and conditions established in Section 9 herein.

History: Adopted December 17, 1990; Amended effective November 18, 1992.

Section 9 CAPACITY RIGHTS IN UNITS

9.1 Unit I and Unit J Capacity. Capacity rights shall be as follows:

Member Agency	Unit I Liquid		Unit I Solids		Unit J Disposal	
	MGD	Percentage	MGD	Percentage	MGD	Percentage
Vista	8.05	22.36%	8.05	21.18%	8.05	21.18%
Carlsbad	9.24	25.67%	9.24	24.32%	9.24	24.32%
Buena	2.26	6.28%	3.51	9.24%	3.51	9.24%
Vallecitos	7.54	20.94%	7.54	19.84%	7.54	19.84%
Leucadia	7.11	19.75%	7.86	20.68%	7.86	20.68%
Encinitas	1.80	5.00%	1.80	4.74%	1.80	4.74%
Total	36.00	100.00%	38.00	100.00%	38.00	100.00%

The total disposal capacity of Unit J shall be 38.0 MGD average daily flow. This capacity rating assumes that the wet weather peaking factor on the flows to Unit J shall continue to be less than 2.76, and all the parties hereto agree to make good faith efforts to ensure that the wet weather peaking factor on the flows to Unit J remains below 2.76.

9.2 Unit 1 Capacity Infringement. The member agencies agree to make available up to 5 percent of their respective shares of total capacities, as set forth in Section 9.1 through a reserve capacity pool, in accordance with the following terms and conditions:

9.2.1. Flow Calculation. For the purposes of calculating payments due for licensing under this section, flows shall be based on measured (ADS) flows, to the maximum extent feasible. Solids loading flows shall be based on the total flow originating within each member agency. Voting rights, as described in Section 11 shall be in no way affected by temporary use of reserve capacity under this section. Total Reserve Capacity is the total capacity shown in paragraph 9.2.7. below.

9.2.2. Monitoring of Capacity Demand. Each agency shall provide monthly reports to EWA regarding future capacity committed, based upon its acceptance of applications for or issuance of any building permits, letters of availability, certificates or other entitlements for use which represent that sewer capacity is available to the applicant or project, or which enforceable or practically commit the agency to provide future sewer service. Reports shall be submitted in such form as the Board of EWA may require. Before the measured and committed flows reach 75% of Encina's total capacity (per Section 9.1), the EWA shall initiate a program to ensure adequate capacity to meet projected needs.

9.2.3. Excess Use a Trespass. Any use of capacity in excess of 95% of their respective share of Encina's total capacity (per Section 9.1) plus 50% of the Total Reserve Capacity, or otherwise in violation of this section, shall be considered a trespass. At the request of any member agency, EWA shall, and is hereby authorized to specifically enforce the terms of this section (Section 9.2) against a member agency or agencies on behalf of the remaining member agencies, including through commencement of a proceeding at law or equity. The parties agree that specific enforcement is a proper remedy in that payment of damages is not an adequate remedy for the potential losses to any member agency resulting from the loss of capacity. For example, replacement of capacity may be impractical and the consequences for the economic development of the members are not readily subject to quantification. Each member agency hereby consents to the commencement of such action or actions by EWA, and waives any right it may have to further approval of such actions under the joint powers agreement creating and establishing EWA. In addition to any injunctive relief, EWA may seek consequential damages on behalf of the remaining member agencies. In any such action, the prevailing party shall be entitled to attorney's fees and costs.

9.2.4. Indemnity and Hold Harmless. In addition to payment of the amount specified herein, each agency agrees to indemnify, defend and hold harmless the EWA and the other member agencies for any claim, demand, cost, penalty, fine or damage (including reasonable attorney's fees and costs of investigation), arising out of its violation of this section, whether resulting from the agency's active or passive, negligent or intentional act or failure to act to prevent a violation, and notwithstanding the active or passive negligence of those member agencies which are in compliance with the provisions of this section.

9.2.5. License Payments. When any member agency's flows exceed 100% of its capacity allocation for the treatment of solids, and/or treatment and/or disposal of liquids, for any continuous three-month period, such member agency shall pay for the use of such capacity from the reserve capacity pool in accord with the schedule of values, as adjusted each July 1 (commencing in

July 1996) by updating the facility spreadsheet to include any additional and changed capital project costs, and to reflect the current ENRLA construction cost index, as follows (see Exhibit C):

(a) Any portion of reserve up to 50% of Total Reserve Capacity:

\$93,200	per MGD of Unit I liquid capacity per year
\$155,800	per MGD of Unit I solids capacity per year
\$44,000	per MGD of Unit J capacity per year

(b) The use of reserve amounts over 50% of Total Reserve Capacity shall be a violation of this section. In addition to any other remedy provided herein, or available to EWA or the member agencies, an agency shall pay for such use:

\$153,300	per MGD of Unit I liquid capacity per year
\$259,700	per MGD of Unit I solids capacity per year
\$73,300	per MGD of Unit J capacity per year

(c) Payments to member agencies with unused reserve shall be made annually. Payments from member agencies shall be made quarterly to the EWA and held in a special account.

9.2.6. Restrictions on Use Over 40% of Reserve. If at any time any agency shall have enforceable or practically committed to provide future sewer service which, when added to its then existing actual flows, equals 95% of its allocated capacity (per Section 9.1) plus 40% of the Total Reserve Capacity, such agency shall:

(a) Immediately halt the acceptance or issuance of any building permits, letters of availability, certificates or other entitlements for use which represent that sewer capacity is the agency to provide future sewer service.

(b) Immediately inform EWA, in writing, that it has reached this threshold, of the actions it has taken to implement 9.2.6(a) above, and of its intention to present a plan to EWA, within 30 days, for capacity management to prevent the agency from exceeding use of 50% of the Total Reserve Capacity.

9.2.7. Reserve Capacity. Reserve capacity shall be as follows:

Member Agency	Unit I Liquid		Unit I Solids		Unit J Disposal	
	MGD	Percentage	MGD	Percentage	MGD	Percentage
Vista	0.40	22.36%	0.40	21.18%	0.40	21.18%
Carlsbad	0.46	25.67%	0.46	24.32%	0.46	24.32%
Buena	0.11	6.28%	0.18	9.24%	0.18	9.24%
Vallecitos	0.38	20.94%	0.38	19.84%	0.38	19.84%
Leucadia	0.36	19.75%	0.39	20.68%	0.39	20.68%
Encinitas	0.09	5.00%	0.09	4.74%	0.09	4.74%
Total	1.80	100.00%	1.90	100.00%	1.90	100.00%

9.2.8. Sole Method of Allocation. No agency shall provide capacity to any other member agency except pursuant to this section without the unanimous consent of the member agencies; provided that an agency may agree to provide additional capacity on a temporary basis to an agency which has used the maximum reserve capacity authorized by this section if: (1) such arrangement provides for payments at rates not less than the maximum reserve capacity rate per paragraph 9.2.5(b), above; and (2) the capacity so provided does not reduce the Total Reserve Capacity available.

History: Adopted December 17, 1990; Amended effective November 18, 1992; January 14, 1997.

Section 10 CAPACITY RIGHTS FOR RECLAMATION

10.1 Future Reclamation. Any member agency, at its own expense, may, and shall have the right to, reclaim water from any wastewater in the Joint System which emanates within the jurisdiction of the respective member agency. And, subject to the following limitations, each member agency shall have the right to install facilities for the reclamation of water from wastewater. Any proposed reclamation shall require the approval of all the member agencies in the event that the proposed reclamation facility is designed and/or constructed such that (i) any solids or non-treated effluent from any such facility may be discharged into Unit I of the Joint System and/or (ii) any reclaimed water may be discharged into Unit J of the Joint System. Such approval shall not be withheld unless the use of the proposed reclamation facility would adversely affect one or more of the member agencies and the reclaimer cannot reasonably mitigate the adverse impact. Nothing in this section shall be construed so as to require approval by the member agencies as to the geographic location of a reclamation facility constructed solely within the boundaries of any member agency.

10.2 Existing Reclamation. Section 10.1 above pertains to all future reclamation facilities. Currently constructed facilities may be operated to their capacity without further action by owners. The current reclamation facilities and capacities are as follows:

MEMBER AGENCY	RECLAMATION FACILITY	CAPACITY IN MGD
Carlsbad	Calavera Hills	1.20 MGD
Leucadia	Gafner	0.75 MGD
Vallecitos	Meadowlark	2.00 MGD
Buena	Shadowridge	1.16 MGD

History: Adopted December 17, 1990; Amended effective November 18, 1992.

Section 11 JOINT ADVISORY COMMITTEE

The member agencies have created a Joint Advisory Committee (JAC) to advise the member agencies and the Operator/ Administrator. JAC shall continue in this advisory role.

11.1 Powers. Recommendations of JAC shall be advisory only. The JAC shall have the following responsibilities:

11.1.1 To review the operation and maintenance of the Joint System, including the cost thereof, and make reports and recommendations to the governing bodies of the member agencies;

11.1.2 To review and make recommendations regarding proposed expansion, enlargements or modifications of the Joint System to the governing bodies of the member agencies; and,

11.1.3 To review and make recommendations regarding contracts, budget matters, regulations, policies, permits and other documents and issues as appropriate to the Operator/Administrator. Each report and recommendation of the JAC permitted by this Section shall be considered as having been made by all the member agencies when made to the Operator/Administrator and made in accordance with the voting rights and percentages set forth below in Section 11.4.4.

11.2 Representation on JAC. JAC shall be constituted by two appointed representatives from each member agency, with one alternate for each appointed representative. JAC representatives may, but need not, be members of the governing bodies of the member agencies.

11.3 Officers of JAC. JAC shall elect its own officers, which shall include a Chairman, Vice-Chairman, and Secretary. The Chairman and Vice-Chairman shall be JAC representatives and the Secretary may, but need not, be a JAC representative.

11.4 Meetings of the JAC.

11.4.1 Regular Meetings. The JAC shall provide for its regular meetings; provided, however, it shall hold at least one regular meeting per year. The dates, hour, and place of the regular meetings shall be established by JAC.

11.4.2 Ralph M. Brown Act. All meetings of the JAC, including, without limitations, regular, adjourned regular, and special meetings, shall be called, noticed, held, and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the California Government Code).

11.4.3 Minutes. The JAC Secretary shall cause to be kept minutes of all meetings of the JAC, and shall cause a copy of the minutes to be forwarded to each JAC representative.

11.4.4 Vote. The total vote of all members of the JAC shall equal 100%. When voting on a matter involving the Treatment Plant (Unit I) or Ocean Outfall (Unit J) each JAC representative's percentage vote shall equal one-half of the percentage of that unit's capacity owned by the representative's agency. If only one of an agency's representatives is present, this representative's percentage vote shall equal the total percentage of that unit's capacity owned by the representative's agency. If both representatives are absent, each alternate shall have a percentage vote equal to one-half of the percentage capacity of the alternate's member agency; provided, however, at any JAC meeting where any member agency is represented by only one alternate, the alternate shall have a percentage of vote equal to the total percentage of the capacity of the agency he/she represents.

11.5 Rules. JAC shall adopt rules and regulations for the place, time and conduct of JAC meetings.

11.6 Payment for Attendance. The Operator/Administrator (or, if requested by the appointing member agency, that member agency as to its representatives) shall pay each representative (or alternate who attends a meeting by reason of the absence of a representative) an attendance fee of twenty-five (\$25) for each JAC meeting, provided that such payment does not exceed fifty dollars (\$50) per calendar month. Attendance fees shall be paid monthly. [This fee waived per legal counsel opinion.]

11.7 Assistance from the Operator/Administrator. The Operator/ Administrator shall provide supplies and clerical and secretarial help for JAC. The cost of such supplies and assistance shall be considered part of the expense of operating and maintaining the Joint System.

History: Adopted December 17, 1990; Amended effective November 18, 1992; November 9, 1994; February 8, 2000.

Section 12 OPERATOR/ADMINISTRATOR

The Joint System shall be maintained and operated by any one of the parties hereto, or by another Public Agency, which party or other public agency shall be known as the Operator/Administrator.

12.1 General Duties.

12.1.1 Joint System. The Operator/ Administrator shall maintain and operate the Joint System, and shall preserve it in good repair and working order, all in accordance with recognized sound engineering and accounting practices and local, state, and federal laws and regulations.

12.1.2 Pump Stations. The Operator/Administrator also shall operate and maintain, at the expense of the Cities of Vista and Carlsbad, the Agua Hedionda and Buena Vista Pump Stations (formerly Units G and C of the Joint System) within an annual budget prepared by the Operator/Administrator and approved by Vista and Carlsbad.

12.1.3 Other Facilities. The Operator/Administrator shall have the authority to operate and maintain other facilities outside the Joint System as recommended unanimously by JAC and in accordance with Operator/Administrator executed operation agreements, which may include budgeting responsibilities.

12.2 Designation and Specific Powers. Effective August 1, 1988, the member agencies created a public agency known as the Encina Wastewater Authority (EWA) to serve as the Operator/Administrator of the Encina Joint System. The EWA shall continue to serve as the Operator/Administrator until such time as EWA is terminated by written consent of a majority of the member agencies, evidenced by certified copies of resolutions by their governing bodies. The organization, administration, rules, and specific powers of the EWA shall be as set forth in the Revised Establishment Document establishing the EWA. Upon termination of the EWA and replacement with another Operator/Administrator, employees of the EWA shall become the employees of the new Operator/Administrator subject to existing employment contracts, seniority, retirement rights and any other employee benefits or rights now enjoyed by those employees.

History: Adopted December 17, 1990; Amended effective November 18, 1992.

Section 13 BUDGETING AND ACCOUNTING

13.1 Annual Budgets. Annually, the Operator/ Administrator shall prepare an operation, maintenance, and administration budget (hereafter referred to as the O & M budget) and a capital improvement program budget (hereafter referred to as the capital budget.) The budgets shall be prepared in accordance with generally accepted accounting principles.

13.1.1 Preparation of Estimated O & M Budget. No later than May 1 of each year, the Operator/Administrator shall prepare an estimated budget of the (a) amount of money required to operate, maintain and administer the Joint System during the ensuing fiscal year, and (b) the proportionate amount to be paid by each member agency. Such estimate shall be based on the total operation, maintenance, and administration costs during the current fiscal year as such costs are set forth in the current approved budget for the Joint System.

13.1.2 Approval of Estimated O & M Budget. Each estimated O & M budget adopted by the Operator/Administrator shall be forwarded to the JAC for consideration and for submission to the member agencies for approval. The Operator/ Administrator's estimated O & M budget shall be deemed effective upon unanimous approval by the member agencies and upon the receipt by the Operator/Administrator of certified copies of approving resolutions or minute orders from the governing bodies of each of the member agencies. Until such time as formal approval has been received from each member agency, the estimated O & M budget shall constitute merely a proposed budget, subject to consideration or revisions. The O & M budget shall be considered separately from the capital budget and may be approved independently. In the event a proposed budget is not approved, the Operator/Administrator shall continue to operate using the O & M budget figures from the previous fiscal year.

13.1.3 O & M Contributions. Each member agency shall pay its estimated portion of the budgeted operation, maintenance, and administration costs and shall pay its actual portion of the costs as determined pursuant to Section 16 of this Revised Basic Agreement. Quarterly on October 15, January 15, April 15 and July 15, the Operator Administrator shall bill the member agencies and the member agencies shall deposit with the Operator/Administrator approximately one fourth of the annual cost of operation, maintenance, and administration for the preceding quarter as described herein. Provided, however, that each invoice shall be increased or decreased to adjust the estimated amount payable based upon the estimated total expenses incurred in the preceding quarter and the estimated total amount and strength of wastewater received from each member agency during the preceding quarter. In the event that at the end of any fiscal year the amount paid by a member agency exceeds the amount that should have been charged, the excess shall be credited to the member agency the following fiscal year. In case of an underpayment, the member agency shall be assessed the amount that should have been charged in the following fiscal year. Each member agency shall make quarterly contribution payments to the Operator/Administrator promptly at the time they become due.

13.1.4 Actual O & M Contributions. The member agencies agree to contribute from their treasuries the actual annual costs of the Joint System as divided among the member agencies pursuant to Section 16 of this Revised Basic Agreement. Such costs shall include the actual costs of (1) all materials and supplies used or purchased for the operation, maintenance, or administration of the Joint System, (2) all contracts let by the Operator/Administrator for the performance of budgeted O & M work, and (3) the salaries and wages of all Operator/ Administrator employees providing such

services, including vacations and sick leave benefits, workers' compensation, social security and retirement payments, and health insurance. Such costs shall be paid out of the funds deposited with the Operator/Administrator by the member agencies; provided however, the failure of any member agency to pay the Operator/ Administrator shall not relieve the other member agencies of their obligation to pay their proportionate shares of operation, maintenance, and administration of the Joint System.

13.1.5 Preparation of Estimated Capital Budget. No later than May 1 of each year, the Operator/Administrator shall prepare an estimated budget of the amount of money required for capital improvement projects during each of the next five fiscal years and over the next twenty years. The estimated capital budget shall show the estimated amount to be paid by each member agency. Such estimate shall be based on existing and/or projected ownership as appropriate.

13.1.6 Approval of Estimated Capital Budget. Each estimated capital budget adopted by the Operator/ Administrator shall be forwarded to the JAC for consideration and for submittal to the member agencies for approval. The Operator/ Administrator's estimated capital budget shall be deemed effective upon unanimous approval by the member agencies and upon the receipt by the Operator/Administrator of certified copies of approving resolutions or minute orders from the governing bodies of each of the member agencies. Until such time as formal approval has been received from each member agency, the estimated capital budget shall constitute merely a proposed budget, subject to consideration or revisions. The capital budget shall be considered separately from the O & M budget and may be approved independently.

13.1.7 Capital Contributions. Each member agency shall pay its actual portion of the capital costs except as noted in Section 17 of this Revised Basic Agreement. Quarterly on October 15, January 15, April 15 and July 15, the Operator/Administrator shall bill the member agencies and the member agencies shall deposit with the Operator/Administrator approximately one fourth of the actual estimated capital costs incurred in the preceding quarter, except as otherwise specified in Section 18. Any capital funds remaining at the end of the fiscal year shall be retained and credited toward the member agencies for the following fiscal year. Any capital expenses unfunded at the end of the fiscal year shall be debited and charged to the member agencies in the following fiscal year. Each member agency shall make quarterly contribution payments to the Operator/Administrator promptly at the time they become due.

13.1.8 Actual Capital Contributions. The member agencies agree to contribute their actual capital costs pursuant to Section 17 of this Revised Basic Agreement. Such costs shall include the actual costs of (1) all materials and supplies used or purchased for capital improvement of the Joint System and (2) all contracts let by the Operator/Administrator for the performance of capital improvement projects. Provided however, the failure of any member agency to pay the Operator/ Administrator shall not relieve the other member agencies of their obligation to pay their proportionate shares of the capital expenses of the Joint System.

13.1.9 Audit. Annually the Operator/ Administrator shall cause the preparation of an independent accountant audit of the financial statements.

History: Adopted December 17, 1990; Amended effective November 18, 1992; November 9, 1994; August 12, 1998.

Section 14 ASSISTANCE TO OPERATOR/ADMINISTRATOR

When requested by the Operator/Administrator, the EWA shall provide assistance, and make recommendations to said Operator/Administrator relative to all services and duties it is to perform under the terms of this Revised Basic Agreement.

History: Adopted December 17, 1990; Amended effective November 18, 1992; November 9, 1994.

Section 15 RIGHTS OF WAY AND LAND ACQUISITIONS

The Operator/Administrator and/or any of the member agencies may, as agreed upon in writing by all the member agencies, act on behalf of the member agencies in acquiring lands and rights of way necessary for the operation, maintenance, ownership, and use of the Joint System.

History: Adopted December 17, 1990; Amended effective November 18, 1992.

Section 16 PAYMENT OF OPERATION AND MAINTENANCE EXPENSES

16.1 Allocation of Expenses. All operation, maintenance and administration expenses for Units I and J of the Joint System, hereafter referred to as O & M expenses, shall be paid by each member agency based on each member agency's percentage of ownership and usage in these units. For the purpose of this section, the following definitions shall apply: "usage" shall mean the costs for power, chemicals, maintenance, and other sewage treatment, solids handling, and disposal processes which result from wastewater entering Unit I or Unit J; "ownership" shall mean the costs for insurance, administration expenses, laboratory expenses, plant operations, services and maintenance, and other wastewater collection and treatment, solids handling and effluent disposal costs which are incurred irrespective of the amount of wastewater which enters Unit I or Unit J.

16.2 Payment Schedule. Each member agency shall pay its proportionate share of the operation, maintenance and administration expenses in accordance with Section 13.1 of this Revised Basic Agreement.

16.3 Revenue from By-Products. Any revenue received from the sale of by-products arising out of the operation of the Joint System shall be apportioned to each member agency in the same proportion as their share of the O & M expenses for the Joint System in the year in which the revenue is received.

History: Adopted December 17, 1990; Amended effective November 18, 1992; November 9, 1994.

Section 17 PAYMENT OF CAPITAL EXPENSES

17.1 Allocation of Expenses. Unless otherwise specified herein, capital expenses shall be allocated based on existing or projected Unit I or Unit J ownership as appropriate. Exceptions are as follows:

17.1.1 Phase IV Expansion. Phase IV capacity and costs are allocated according to the methodology shown in Exhibit B, attached hereto and made part of this Revised Basic Agreement by reference.

17.1.2 Joint Flow Metering System. Each member agency is responsible for the capital expenses of meters and monitors serving its respective service area. Capital expenses for the monitors serving the entire Exhibit A service area shall be paid on the basis of Unit J flow.

17.1.3 Additional Land/Right of Way Acquisition. All expenses shall be allocated in accordance with the terms of a separate agreement to be adopted unanimously by the member agencies.

17.2 Payment Schedule. Unless otherwise specified herein, capital expenses shall be paid on a quarterly basis. Exceptions are as follows:

17.2.1 Phase IV Expansion. Phase IV contract expenses approved by the Operator/Administrator shall be paid once a month based on invoices from the contractor, the design engineer, and the construction manager. The payments will vary over the duration of the job. The Operator/Administrator shall notify the member agency financial representatives of the amounts needed following receipt of each month's invoices. In addition, upon the completion and acceptance by the Operator/Administrator of each of: (a) the Western Summit/TIC construction contract project, and (b) the Phase IV odor control and associated facilities, and (c) again, upon completion and acceptance of the Avenida Encinas street widening project by the City of Carlsbad per its contract with EWA, adjustments shall be calculated and paid in the manner set forth in Exhibit B, considering all Phase IV Expansion work completed to date or invoiced to the member agencies. Upon completion and acceptance of all work authorized by the Operator/Administrator as part of the Phase IV Expansion, a final adjustment shall be calculated and paid in accordance with Exhibit B.

17.2.2 Additional Land/Right of Way Acquisition. All expenses shall be paid in accordance with the terms of a separate agreement to be adopted unanimously by the member agencies.

17.2.3 Other Capital Expenses. On occasion, capital expenses may occur earlier in the fiscal year than would allow for regular quarterly billing. If regular quarterly billings do not provide needed capital early enough during the fiscal year, supplemental capital billings shall be sent to the member agencies. In such cases, the Operator/Administrator will notify the member agency financial representatives as far in advance as possible.

History: Adopted December 17, 1990; Amended effective November 18, 1992; August 12, 1998.

Section 18 SETTLEMENT OF DISPUTE OR CONTROVERSY

18.1 Right to Arbitration. Should any dispute or controversy arise in connection with the books, records or accounts of any member agency or in connection with the acquisition, construction, maintenance, operation repair, reconstruction or enlargement of the Joint System or in connection with any of the affairs or operation thereof, or the execution of this agreement, the governing bodies of member agencies that are affected by such dispute may elect to arbitrate the dispute or controversy in accordance with this section. In the event of such election, the governing body of each member agency affected shall appoint or designate one disinterested person as an arbitrator. Said arbitrators so chosen, if an even number, shall designate an additional disinterested person to make an odd number of arbitrators. Said arbitrators so chosen shall act as a Board of Arbitrators in connection with any such dispute or controversy. The findings of fact approved by a

vote of the majority of the members of the Board of Arbitrators shall be binding upon the affected member agencies.

18.2 Right of Observation. The parties to any arbitration proceedings held under the provisions of this agreement shall notify every other member agency not a party thereto of such arbitration proceedings and any other member agency shall have the right to be represented at such proceedings by a member agency designated observer.

18.3 Right to Expert Arbitration. Any controversy which can be determined by an engineer's or other expert's findings and which under this section could be submitted to arbitration may, if the parties thereto agree in writing to do so, be submitted to a named engineer or expert who shall be the sole arbitrator. Any such engineer shall be a Registered Engineer in the State of California. Any such engineer or expert shall be disinterested as required of arbitrators on an arbitration board. He shall proceed in the same manner provided herein for an arbitration board.

History: Adopted December 17, 1990; Amended effective November 18, 1992.

Section 19 APPORTIONMENT OF LIABILITY

Any liability incurred by the member agencies, which liability arises out of or in connection with the operation and/or maintenance of the Joint System, except for costs of improvements to such facilities and operating and maintenance costs, shall be discharged by payment by each member hereof in proportion to their respective ownership in the facilities at the time of the incident which results in the liability.

History: Adopted December 17, 1990; Amended effective November 18, 1992.

Section 20 NOTICES

Notices required or permitted under this Revised Basic Agreement shall be sufficiently given if in writing and if either served personally or mailed by certified mail to the member agencies.

History: Adopted December 17, 1990; Amended effective November 18, 1992.

Section 21 SEVERABILITY

If any one or more of the terms, provisions, promises, covenants or conditions of this agreement shall by any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this agreement shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

History: Adopted December 17, 1990; Amended effective November 18, 1992.

Section 22 MODIFICATION OF AGREEMENT

This agreement shall contain all the terms and conditions made between the parties hereto and shall not be amended except by an agreement in writing signed by all the member agencies.

History: Adopted December 17, 1990; Amended effective November 18, 1992.

Section 23 SUCCESSION

The provisions of this agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto.

History: Adopted December 17, 1990; Amended effective November 18, 1992.

Section 24 APPROVAL

This agreement shall be approved as of the date that all of the member agencies have approved this agreement and the Revised Establishment Document.

History: Adopted December 17, 1990; Amended effective November 18, 1992.

IN WITNESS WHEREOF, each party hereto has pursuant to resolution duly passed and adopted by their respective governing bodies caused this Revised Basic Agreement to be executed the day and year first above written.

CITY OF VISTA

By _____
Mayor

Attest:

City Clerk

CITY OF CARLSBAD

By _____
Mayor

Attest:

City Clerk

LEUCADIA COUNTY WATER DISTRICT

By _____
President

VALLECITOS WATER DISTRICT

By _____
President

**Resolution and Signature Sheets
are on file with Encina Wastewater Authority.**

BUENA SANITATION DISTRICT

By _____
Chairperson

CITY OF ENCINITAS

By _____
Mayor

Attest:

City Clerk

Approved as to form:

By _____
JAC Counsel

**Resolution and Signature Sheets
are on file with Encina Wastewater Authority.**

EXHIBIT B
PHASE IV COST ALLOCATION

1. Phase IV cost shall be allocated as follows:

a. All costs shall be allocated by unit process and among flow, BOD, and suspended solids in the manner recommended for revenue programs by the State Water Resources Control Board.

b. The replacement value of the existing Unit I and Unit J facilities at the mid-point of construction (projected ENRLA of 6465) shall be determined. In determining replacement value, grant funding shall be included except for the grant funding used to pay for the "oversized" portion of "oversized" items (i.e., items sized or undertaken for the ultimate site capacity, such as site grading and paving, piping, etc.).

c. Dollar ownership of the existing facilities shall be determined by multiplying existing ownership percentages times the replacement values determined in step b.

d. The cost of the proposed Phase IV facilities at the midpoint of construction (projected ENRLA of 6465) shall be estimated by the design engineer.

e. The total value of the EWPCF following construction of Phase IV shall be estimated by adding the replacement value of the existing facilities (determined in step b) to the estimated cost of the Phase IV project (determined in step d).

f. Needed dollar ownership of the EWPCF following construction of Phase IV shall be determined by multiplying the revised Unit I liquid and solids and Unit J ownership's (determined in Exhibit A of the Thirty-Ninth Supplement) by the total value of the EWPCF following construction of Phase IV (determined in step e).

g. Phase IV cost allocations shall be calculated by subtracting existing dollar ownership's (determined in step c) from needed dollar ownership's following construction of Phase IV (determined in step f). Credits and buy-ins for existing facilities are automatically included in this calculation and need not be calculated separately; however, the dollar values of each are included below for background.

Estimated Phase IV cost allocations in dollars and percent of total are as follows:

Agency	Existing Ownership	Projected Ownership Following Phase IV	Estimated Phase IV Cost	Effective	Credit/Buyin
Vista	22,739,000	28,938,000	6,199,000	11.44	(5,455,000)
Carlsbad	20,585,000	33,216,000	12,631,000	23.31	(745,000)
Leucadia	13,314,000	27,297,000	13,983,000	25.81	2,916,000
San Marcos	14,099,000	27,105,000	13,006,000	24.01	2,091,000
Buena	4,436,000	11,020,500	6,584,500	12.15	2,023,000
Encinitas	<u>4,694,000</u>	<u>6,470,500</u>	<u>1,776,500</u>	<u>3.28</u>	<u>(830,000)</u>
Total	79,867,000	134,047,000	54,180,000	100.00	0

Final Phase IV cost allocations will be determined following completion of Phase IV construction and will use the actual project costs spread according to the final engineer's estimate instead of the current engineer's estimate in steps d through g above. Actual ENRLA at mid-point of construction will be substituted for the projected value in step b.

EXHIBIT C
LICENSE PAYMENTS & SCHEDULE OF VALUES

(1) Any portion of reserve up to 50% of Total Reserve Capacity:

The license payment shall be 8% of the current replacement value of the facilities, without grants deducted, adjusted each July 1 (commencing in July 1996) by updating the asset allocation spreadsheet to include any additional and changed capital project costs, and to reflect the current ENRLA construction cost index. Unit I and J license payments shall be based on a flow rate of 38 MGD. Unit I liquid license payments shall be proportioned based on the percentage of the Flow value of the total replacement value. Unit I solids license payments shall be proportioned based on the percentage of the sum of the BOD and SS replacement values, as compared to the total replacement value.

(1) 1996 - Example calculations:

Unit I - Total replacement value of Unit I (treatment facilities) without grant deducted, July 1996 at ENRLA of 6522 – \$118,310,000, Flow value – \$44,272,000, BOD value – \$43,882,000, SS value – 30,157,000. Utilizing an interest rate of 8% yields a license payment of \$249,000 per MGD (\$118,310,000 times .08 divided by 38 MGD).

Split between liquid and solids payments:

liquid portion – \$249,000 times 44,272,000/118,310,000 – \$93,200
solid portion – \$249,000 times (43,882,000 + 30,157,000)/118,310,000
– \$155,800

Unit J total replacement value – \$20,881,000.

\$20,881,000 times .08 divided by 38 MGD – \$44,000

July 1, 1996 license payments

\$93,200	per MGD of Unit I liquid capacity per year
\$155,800	per MGD of Unit I solids capacity per year
\$44,000	per MGD of Unit J capacity per year

(2) The use of reserve amounts over 50% of Total Reserve Capacity:

License payments shall be increased by 2/3.

(3) July 1, 1996 license payments:

\$153,300	per MGD of Unit I liquid capacity per year
\$259,700	per MGD of Unit I solids capacity per year
\$73,300	per MGD of Unit J capacity per year

**AGREEMENT FOR
OWNERSHIP, OPERATION, AND MAINTENANCE OF
THE VISTA/CARLSBAD INTERCEPTOR SEWER**

THIS AGREEMENT is made and entered into as of the 26th day of February, 2002, by and between the City of Vista, a general law city ("Vista"), and the City of Carlsbad, a general law city ("Carlsbad"), collectively, ("the Parties").

RECITALS

WHEREAS, the Parties are responsible for providing sewage collection and transmission in their respective service areas and are authorized to contract with others for the provision of such services; and

WHEREAS, on July 13, 1961, Vista Sanitation District and Carlsbad entered into an agreement pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code to acquire, construct and operate a Joint Sewer System and allocated ownership and capacity rights to Vista Sanitation District and Carlsbad in an interceptor sewer system, sewage treatment facility, and ocean outfall (the "Basic Agreement"). The joint sewer system components were divided into pipeline reaches and pumping stations referenced by Units A, B, C, D, E, F, G, and H.

WHEREAS, on August 17, 1971, Vista Sanitation District and Carlsbad entered into an agreement whereby Vista Sanitation District agreed to bear all cost of maintenance and operation of Unit "A", a trunk sewer pipeline paralleling I-78 and extending from Vista to the Carlsbad city limit; and

WHEREAS, on September 3, 1975, Vista and Carlsbad entered into an agreement whereby Unit C (Buena Vista Pump Station), Unit D (Buena Vista Force Main), and Unit G (Agua Hedionda Pumping Station) were increased in capacity and Carlsbad's capacity rights in Units C and D increased from 5.5 percent to 15.5 percent and Carlsbad's capacity rights in Unit G were reduced from 40.5 percent to 38.5 percent; and

WHEREAS, on or about September 14, 1983, the Vista Sanitation District was dissolved, and Vista assumed the District's rights and obligations, including those contained in the Basic Agreement; and

WHEREAS, the Parties by written agreement dated December 27, 1983, deleted Unit A and a portion of Unit B from the Joint System and released them to Vista as sole owner with complete responsibility for maintenance thereof.

WHEREAS, on October 24, 1984, the City of Vista and the City of Oceanside entered into an agreement to transfer sewage flow between the agencies; and

WHEREAS, on May 22, 1987, a "Letter of Understanding for Upgrading of the Vista/Carlsbad Interceptor" was prepared by Carlsbad and submitted to Vista designating a "trigger mechanism" to start construction of replacement pipelines on the Vista/Carlsbad Interceptor; and

WHEREAS, pursuant to Article 1, Chapter 5, Division 7, Title 1 of the California Government Code, the Parties have entered into a Revised Basic Agreement, as may be amended from time to time, with the other member agencies of the Encina Wastewater Authority for the purpose of operating and maintaining a sewage treatment facility (Unit I) and ocean outfall (Unit J) (the "Revised Basic Agreement"); and

WHEREAS, Section 12.1.2 of the Revised Basic Agreement stipulates that the Administrator of the Encina Wastewater Authority shall operate and maintain, at the expense of Vista and Carlsbad, the Buena Vista and Agua Hedionda Pumping Stations (formerly Units C and G, respectively, in the Basic Agreement); and

WHEREAS, Units B, D, E, F, and H of the Basic Agreement were not incorporated into the Revised Basic Agreement with regard to operation, maintenance, or construction of the Vista/Carlsbad Interceptor; and

WHEREAS, the Parties desire to enter into an agreement for ownership, operation, and maintenance of the Vista/Carlsbad Interceptor, described herein as VC1 through VC16, the Buena Vista Pump Station and the Agua Hedionda Pump Station, the location of said facilities is as shown on attached Exhibits "A-1", "A-2" and "A-3" and incorporated herein by reference.

THEREFORE, THE PARTIES HERETO AGREE TO THE FOLLOWING:

SECTION 1. DEFINITIONS

For the purposes of this agreement, the following terms shall have the meanings indicated:

1.1 Vista/Carlsbad Interceptor. An interceptor sewer pipeline, jointly owned by Vista and Carlsbad, beginning at Manhole No. 35 (according to City of Vista Drawing No. 1981, As-Built 2/27/87) located in the City of Oceanside approximately 360 feet east of the northeasterly City boundary of Carlsbad and extending to the Encina Water Pollution Control Facility and includes the Buena Vista Pumping Station and force main and the Agua Hedionda Pumping Station and force main, and any future improvements, and replacements, all as shown on Exhibits "A-1", "A-2" and "A-3" .

1.2 Preliminary Design Report. A report that investigates a proposed improvement or enlargement to the Vista/Carlsbad Interceptor and provides information on the need for the improvement or enlargement, a description of facilities, materials, and design criteria, and a detailed cost estimate for the improvements or enlargement including engineering, right-of-way, legal, administrative, construction and inspection, and a tentative schedule for final design and construction. The Preliminary Design Report may be prepared for any component needing upgrading when the peak dry weather flow rate reaches sixty (60) percent of full pipe capacity.

1.3. Administrator. The Administrator shall be the individuals designated to administer the functions of the sewer system for that City. For Vista and Carlsbad, the Administrator is each City's City Manager or his/her designated representative.

1.4 Lead Agency. The Party to Project Agreements given responsibility for planning, design, and construction of a given component of the Vista/Carlsbad Interceptor.

1.5 Pipeline Reach. A portion or segment of the Vista/Carlsbad Interceptor sewer. A Pipeline Reach designates a change in pipe capacity or capacity ownership by the Parties. The unit designation contained in the Basic Agreement for Pipeline Reaches and pumping stations is hereby replaced with Pipeline Reaches designated VC1 through VC16, the Buena Vista Pumping Station and the Agua Hedionda Pumping Station, all as shown on Exhibits "A-1", "A-2" and "A-3".

1.6 Inflow and Infiltration. The sewer pipeline shall be maintained to exclude excessive inflow of surface water and infiltration of groundwater through manhole risers, covers and pipeline joints. Allowable infiltration shall not exceed 500 gpd per inch-diameter per mile.

1.7 Wastewater. Wastewater shall be construed to mean domestic sewage, authorized industrial discharges that are in compliance with the Encina Wastewater Authority's Source Control Program, and Inflow/Infiltration.

1.8 Improvement or Enlargement Costs. The cost of land, easements and rights-of-way, engineering, construction management, construction inspection, and construction.

1.9 Project Agreement. A separate agreement between Vista and Carlsbad which defines the project-specific requirements of each Party, cost sharing for design and construction, the method of cost accounting and the payment schedule for the improvement or enlargement of any portion of the Vista/Carlsbad Interceptor.

1.10 Service Area. The Service Area shall be the sanitation sewer area served by the City of Vista or the City of Carlsbad. It shall not include the sanitation sewer area of Buena Sanitation District unless approved by the Parties in writing.

1.11 Capacity. Capacity, as defined herein, shall be construed to be the sewage flowrate that may be conveyed through a pipeline when flowing full and is based on a depth of flow (D) to pipe diameter (d) ratio of one (i.e., $D/d = 1.0$).

SECTION 2. JOINT PARTICIPATION

The Parties shall participate jointly in the proportions hereinafter specified in the acquisition, construction, ownership, maintenance, operation and use of the Vista/Carlsbad Interceptor, including the parts thereof which may be subsequently acquired or constructed for the improvement or enlargement thereof. Further, the Parties shall pay for such acquisition, construction, ownership, maintenance, operation and use of the Vista/Carlsbad Interceptor in the proportions hereinafter shown in Exhibit B.

SECTION 3. CAPACITY RIGHTS

3.1 For the duration of this Agreement, each Party shall own and enjoy the right to use eighty percent (80%) of the Capacity of the Vista/Carlsbad Interceptor in the proportions set forth in the table identified as "Vista/Carlsbad Interceptor Sewer System – Capacity Rights" which is attached hereto and incorporated herein by reference as Exhibit "B". No Party shall use the Vista/Carlsbad Interceptor, or any part thereof, to a greater percentage of its capacity and shall not in any way grant, encumber, limit or restrict its interest in any part of the Vista/Carlsbad Interceptor, or partition or seek to partition the same or have the use of any part thereof for any purpose other than the disposal of sewage, without the prior written notification of the other Party.

3.2 If responsibility for the disposal of the sewage from a particular area regulated by this Agreement is to be transferred from one Party to the other, or a third Party, the capacity service shall be transferred accordingly on the effective date of the transfer of such responsibility, and the charges against the Parties amended to correspond therewith. Any Party proposing such transfer shall notify the other Party in advance of the transfer.

No such transfer shall affect the capacity rights or obligations of the Parties in or to the Vista/Carlsbad Interceptor until the Parties shall have executed appropriate amendments to this Agreement.

3.3 The capacity rights identified herein in Exhibit "B" include the increased capacities that will be available as the result of the sewer replacement project for Pipeline Reaches VC5B through VC11A of the Vista/Carlsbad Interceptor and subject to a separate Project Agreement as addressed in Section 5.

3.4 Neither Party shall exceed their capacity rights in the Vista/Carlsbad Interceptor. In the event a Party temporarily exceeds its capacity rights, it shall reimburse the other party the value of the excess capacity rights used. If the capacity used is one year or less, the value of the capacity used shall be determined on a percentage of the overall O&M Budget unless the Parties agree to transfer its respective percentage of ownership of the Vista/Carlsbad Interceptor permanently.

SECTION 4. ACQUISITION OF ADDITIONAL CAPACITY

In the event either Party requires capacity in the Vista/Carlsbad Interceptor in excess of the proportionate capacity allocated under this Agreement, and the Vista/Carlsbad Interceptor is not being used by the other Party to the full percentage of the total capacity to which they are entitled, the Party requiring additional capacity may lease or purchase such additional capacity from the other Party. Such lease or purchase shall be accomplished by written agreement.

SECTION 5. RESPONSIBILITIES OF LEAD AGENCY

Carlsbad shall be the Lead Agency with responsibility for the Vista/Carlsbad Interceptor, unless agreed upon otherwise by a separate Project Agreement; and therefore, Carlsbad and Vista shall mutually agree on all recommendations for improvements and enlargements to the Vista/Carlsbad Interceptor. A separate Project Agreement shall be prepared and executed by the Parties for all future improvements and enlargements to the Vista/Carlsbad Interceptor and to determine the Lead Agency for the Project Agreement .

SECTION 6. IMPROVEMENTS OR ENLARGEMENTS OF THE VISTA/ CARLSBAD INTERCEPTOR

6.1 As deemed necessary, the Parties shall meet to discuss future improvements or enlargements of the Vista/Carlsbad Interceptor. Once it is agreed between the Parties that an improvement or enlargement is necessary, a Preliminary Design Report for the improvement or enlargement of the Vista/Carlsbad Interceptor shall be prepared. Upon completion and acceptance by the Parties of a Preliminary Design Report detailing an improvement or enlargement, a Lead Agency will be designated that will prepare a Project Agreement which will identify the project specific requirements of each Party including the cost sharing of the Preliminary Design Report.

6.2 When the Project Agreement has been accepted by the City Council of each Party, the Lead Agency under the Project Agreement shall engage the services of a consultant or consultants to prepare plans, specifications, and related materials necessary for the acquisition and construction of the improvements or enlargements. The specifications shall contain all appropriate hold harmless clauses, insurance requirements and indemnifications for those agencies affected by the project.

6.3 Upon completion of the plans, specifications, and related materials, their approval by the other Party, the acquisition of the necessary lands and rights-of-way, and at such time as the Parties are prepared to finance their proportionate shares of the acquisition and construction cost, the Lead Agency under the Project Agreement shall advertise for bids for the construction of the improvements or enlargements or such portion thereof as may be hereafter agreed to by the Parties. The decision to accept bids and award the construction contract shall be the sole responsibility of the Lead Agency. The Lead Agency shall cause the work to be inspected, administer the execution of the contract, and approve necessary change orders.

6.4 The Parties may, at their sole cost and expense, enlarge any pipeline reach or pumping station or portion thereof of the Vista/Carlsbad Interceptor in which it is the owner of capacity rights and any increased capacity in such pipeline reach or portion resulting from the enlargement shall belong to such Party paying the cost and expense thereof. The enlargement shall be performed in accordance with the requirements of this Section and by separate agreement.

SECTION 7. LANDS AND RIGHTS-OF-WAY

7.1 Any land or rights-of-way acquired for the improvement or enlargement of the Vista/Carlsbad Interceptor shall be acquired in the name of Carlsbad and Vista as tenants in common.

7.2 At such time as the plans specifying the location of the necessary lands and rights-of-way for improvement or enlargement of the Vista/Carlsbad Interceptor have been prepared and approved by the Parties and the respective funds of the Parties are available for the acquisition thereof, the Lead Agency shall proceed to acquire the necessary land and rights-of-way. The Lead Agency shall notify the other Party of the amount to be deposited by the other Party with the Lead Agency to pay its proportionate share of the acquisition costs. The other Party shall deposit its share with the Lead Agency prior to recording acquisition documents.

SECTION 8. COST SHARING OF IMPROVEMENTS OR ENLARGEMENTS

8.1 All improvement or enlargement costs of the Vista/Carlsbad Interceptor which are deemed necessary and beneficial to both Parties under any Project Agreement shall be borne and paid by the Parties in proportion to each Party's capacity rights for each Pipeline Reach listed in the table attached as Exhibit "B", except as otherwise required by Section 6.4 of this Agreement. Under this section "necessary and beneficial" shall mean those expenses that are necessary for the

completion of the improvement or enlargement of the Vista/Carlsbad Interceptor and benefit both Parties to the Project Agreement .

8.2 Cost sharing shall be based on percentage of capacity owned after improvements are constructed.

SECTION 9. OPERATION AND MAINTENANCE

9.1 Operation and maintenance of the Vista/Carlsbad Interceptor shall include the labor, equipment and materials required for daily operation and routine maintenance. Routine annual maintenance activities typically include visual inspections of all manholes, clearing around manholes, grading and maintaining access roads and replacement of severely corroded or damaged manhole frames and lids. Cleaning and special inspections, such as the inspection of the trestle crossing of the Agua Hedionda Lagoon, will be performed every three to five years or as necessary to maintain the intended function of the Vista/Carlsbad Interceptor. Cleaning and special inspections shall not be considered to be routine annual maintenance.

9.2 Carlsbad shall operate and maintain the Vista/Carlsbad Interceptor, except for that portion specifically excluded in Section 9.3 below, in good repair and working order in accordance with recognized sound engineering practice. Carlsbad shall maintain accurate records and accounts in connection with the operation and maintenance of the Vista/Carlsbad Interceptor. These records and accounts shall be available for inspection by Vista upon request by written notice.

9.3 Operation and maintenance of the Buena Vista and Agua Hedionda Pump Stations and force mains of the Vista/Carlsbad Interceptor shall be the responsibility of the Administrator/Operator of the Encina Wastewater Authority as identified in Section 12.1.2 of the Revised Basic Agreement with the Encina Joint Powers Authority, as may be amended from time to time, a copy of which is on file with the Administrator of

each Party. Operation and maintenance of existing Pipeline Reaches VC1 through VC3 shall be the responsibility of Vista until the pipeline and manholes have been rehabilitated or a replacement pipeline is constructed, finally accepted, and operational.

SECTION 10. BUDGETING AND ACCOUNTING FOR OPERATION AND MAINTENANCE

10.1 Annual expenses for routine operation and maintenance of the Vista/Carlsbad Interceptor shall be based on a rate of \$2,000 per mile of gravity sewer as detailed in Exhibit "C", for a total annual cost of \$14,000. An inflation rate of three percent (3%) shall be applied annually to these expenses. These expenses, hereinafter referred to as O&M expenses, include the labor, equipment, materials and administration necessary to maintain the daily operation of the Vista/Carlsbad Interceptor as identified in Section 9.1.

10.2 Carlsbad and Vista shall share in the operation and maintenance expenses of the Vista/Carlsbad Interceptor, except as stated otherwise in Section 10.3, based on the approximate ownership of each Party at the mid-point of the sewer. Vista shall be responsible for seventy-five percent (75%) and Carlsbad shall be responsible for twenty-five percent (25%) of all O&M expenses . Annually, on or around July 1 of each year, Carlsbad shall invoice Vista for their share of the operation and maintenance costs identified in Section 10.1 for the forthcoming fiscal year. Special inspections and cleaning, not included as part of routine annual maintenance, will be performed as necessary by Carlsbad or a qualified contractor, as agreed by both Parties, and invoiced to Vista on a time and material basis in proportion to the percentage identified herein.

10.3 The budget for the operation and maintenance of the Buena Vista and Agua Hedionda Pump Stations and force mains shall be prepared by the Administrator/Operator of the Encina Wastewater Authority in accordance with the Revised Basic Agreement.

Vista shall be entitled to a credit for its operation and maintenance of existing pipeline Reaches VC1 through VC3 until said responsibility is relinquished to Carlsbad in accordance with the terms of Section 9.3. The annual credit to Vista shall be \$3,600 plus (3%) three percent inflation for each subsequent year that these reaches are maintained by Vista.

SECTION 11. EMERGENCY REPAIRS OR RECONSTRUCTION

11.1 Carlsbad shall be allowed to perform emergency repairs or reconstruction of the Vista/Carlsbad Interceptor, in whole or in part, without prior approval from Vista as necessary to maintain the continuous operation of the system such that the need for repair or reconstruction is necessary to prevent property damage or imminent danger to health and safety.

11.2 The Parties shall each pay all costs of reconstruction of the Vista/Carlsbad Interceptor, or portion thereof, in the same proportion as the Parties own capacity in the Vista/Carlsbad Interceptor as provided in attached Exhibit "B".

SECTION 12. MEASUREMENT OF SEWAGE FLOW/CAPACITY MONITORING

Flows in the Vista/Carlsbad Interceptor shall be monitored in accordance with Section 7 of the Revised Basic Agreement with the Encina Joint Powers Authority, as may be amended from time to time. A copy of which is on file with the Administrator of each Party.

Additional flow monitoring may be performed by either Party as may be needed to monitor the capacity in selected reaches of the interceptor. The Party's proposed flow monitoring program shall be presented to the other Party for their review and approval prior to initiation of the activity. The cost of a temporary flow monitoring program shall be shared by the Parties in proportion to their respective capacity ownership rights identified in Exhibit "B". Either Party may conduct a flow monitoring program at its own expense without prior approval of the other Party.

SECTION 13. PROTECTION OF THE VISTA/CARLSBAD INTERCEPTOR/ SOURCE CONTROL

13.1 The Vista/Carlsbad Interceptor shall not be used by any Party to this Agreement for any purpose other than the conveyance of wastewater unless mutually agreed to by separate written agreement.

13.2 Each Party to this Agreement shall take reasonable steps to prevent excessive inflow of any surface or storm waters or excessive infiltration of groundwater, as defined by Section 1.6, to be discharged into the Vista/Carlsbad Interceptor, either directly or indirectly. When wet weather flow exceeds 160% of the 30-day average maximum day dry weather flow as determined by flow monitoring, an Infiltration and Inflow Study shall be initiated. The Lead Agency shall perform all studies on the Vista/Carlsbad Interceptor with cost for the study being shared equally between the Parties.

Should the results of the study identify upstream collector or trunk sewers as the source of inflow or infiltration, Each Party shall be responsible for the cost to repair the sewer system within its Service Area to reduce Inflow and Infiltration to acceptable levels.

13.3 No Party to this Agreement shall allow cooling water or other unpolluted industrial wastewater to be discharged directly or indirectly into the Vista/Carlsbad Interceptor without the consent of the Parties to this Agreement and Encina Wastewater Authority.

SECTION 14. RULES AND REGULATIONS CONCERNING USE OF SEWERS

Each Party shall adopt and enforce ordinances, resolutions, rules and regulations, concerning the type and condition of sewage and waste permitted to be discharged directly or indirectly into the Vista/Carlsbad Interceptor and shall prohibit persons and users of every kind and nature, including but not limited to, other public agencies from discharging into such sewers any sewage or waste which would be detrimental to the Vista/Carlsbad Interceptor or any part thereof. Such ordinances, resolutions and rules shall comply with the "Pre-Treatment Ordinance for the Encina Wastewater Authority", amended March 28, 2001, as may be amended from time to time.

Each Party shall also comply with the applicable statutes, ordinances, rules and regulations of agencies of the United States, State of California, County of San Diego, California Regional Water Quality Control Board-San Diego Region, the Encina Water Pollution Control Facility, and any city having jurisdiction over the collection, transmission, treatment and disposal of sewage and wastes.

SECTION 15. CONNECTION TO VISTA/CARLSBAD INTERCEPTOR

Connections to the Vista/Carlsbad Interceptor shall be made only at manholes. Only collection or trunk sewer lines may be connected to the Vista/Carlsbad Interceptor or any part thereof, and no Party to this Agreement shall approve or permit the direct connection of any premises to the Vista/Carlsbad Interceptor without issuing advance written notice to the other Party.

SECTION 16. BUDGETING AND ACCOUNTING

Each Party shall be strictly accountable for all funds received and shall maintain adequate records of all receipts and disbursements pursuant to this Agreement. In addition, each Party shall maintain such additional records relating to the acquisition, construction, ownership, maintenance, operation and use of the Vista/Carlsbad Interceptor as is appropriate. Each of the Parties, with reasonable notice, has the right to inspect and examine the records of the other Party insofar as such records relate to the Vista/Carlsbad Interceptor.

SECTION 17. INSURANCE

Each Party shall maintain for the duration of the Agreement, and any and all amendments, liability insurance against claims for injuries to persons or damage to property which may arise out of or in connection with performance of the services of each Party, their agents, representatives, employees or subcontractors. Each Party shall maintain worker's compensation coverage and limits as required by the California Labor Code.

SECTION 18. SEWAGE SPILLS

Except as otherwise provided below, any sewage spill which occurs as a result of an unforeseen condition, and said sewage spill could not have been prevented with normal and routine maintenance, then each Party shall be responsible for the costs for cleanup and payment of any legal fines and expenses incurred in proportion to each Party's Capacity Ownership in the Vista/Carlsbad Interceptor. Any Party, who by its sole negligence or willful misconduct, causes a sewage spill shall be solely responsible for all costs for cleanup and payment of any legal fines and expenses incurred.

SECTION 19. HOLD HARMLESS

Except for the other Party's sole negligence or willful misconduct, if the Lead Agency constructs any facility, pipeline, or improvement, the other Party, its officers and employees shall not be liable for any claims, liabilities, penalties, fines, or any damage to goods, properties, or effects of any person whatever, nor for personal injuries or death caused by, or resulting from, any intentional or negligent acts, errors or omissions of the Lead Agency or its agents, employees or representatives in connection with said construction. The Lead Agency shall defend, indemnify, and hold free and harmless the other Party and its officers and employees against any of the foregoing claims, liabilities, penalties or fines, including liabilities or claims by reason of alleged defects in any plans and specifications, and any cost, expense or attorney's fees which are incurred by the other Party on account of any of the foregoing.

Where loss occurs from the negligent operation or maintenance of the Lead Agency, the Lead Agency shall indemnify the other agency for all liabilities, lawsuits, and/or fines by Regulatory Agencies incurred therefrom. In addition, where construction work is performed by the Lead Agency, the Lead Agency shall indemnify the other Party for all liabilities arising out of the construction work as a result of negligence, lawsuits, and/or fines by Regulatory Agencies.

For purposes of this section, the Lead Agency for the operation and maintenance of existing Pipeline Reaches VC1 through VC3 shall be Vista until the pipeline and manholes have been rehabilitated or a replacement pipeline is constructed, finally accepted, and operational.

SECTION 20. NOTICE

Notice required or permitted under this Agreement shall be provided in writing, either served personally upon or mailed by registered or certified mail to the Administrator of the other Party.

SECTION 21. SETTLEMENT OF DISPUTE OR CONTROVERSY

21.1 Should any dispute or controversy arise in connection with the books, records or accounts of any Party to this Agreement or in connection with the acquisition, construction, maintenance, operation, repair, reconstruction or enlargement of the Vista/Carlsbad Interceptor or in connection with any of the affairs or operation thereof, or the execution of the term of this Agreement, the Parties shall make reasonable efforts to resolve the dispute. In the event that the Parties are unable to reach a resolution to the dispute, the Parties shall select a disinterested mediator to assist in the resolution of the dispute. Each party shall share equally in the cost of the mediator.

21.2 In the event that the Parties are unable to resolve the dispute with a disinterested mediator, the Parties shall submit to non-binding arbitration. In the event of such election, each Party shall appoint or designate one disinterested person as an arbitrator and said arbitrators so chosen, if an even number, shall designate an additional disinterested person to make an odd number of arbitrators and said arbitrators so chosen shall act as a Board of Arbitrators in connection with any such dispute or controversy. The decision of the arbitrators shall be binding unless a Party files a legal action for a trial de-novo. If the Party seeking trial de-novo fails to obtain a judgment better than the arbitrator's decision, that Party shall be liable for all cost, including attorneys fees of the other Party.

SECTION 22. MODIFICATION OF AGREEMENT

Agreement shall contain all the terms and conditions made between the Parties hereto and shall not be amended except by an agreement in writing signed by all Parties.

SECTION 23. SEVERABILITY

If any section, subsection, sentence, clause, phrase or work of this Agreement, or the application thereof, to any Party, or to any other person or circumstance is for any reason held invalid, it shall be deemed severable and the validity of the remainder of the Agreement or the application of such provision to the other Parties, or to any other person or circumstance shall not be affected thereby. Each Party hereby declares that it would have entered into this Agreement and each section, subsection, sentence, clause, phrase and work thereof irrespective of the fact that one or more section, subsection, sentence, clause, phrase or word, or the application thereof to any Party or any other person or circumstance be held invalid.

SECTION 24. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.

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SECTION 25. TERM

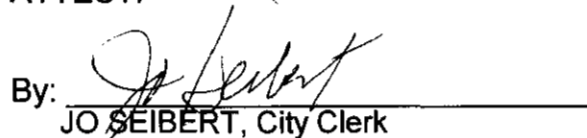
The term of this Agreement will be effective for a period of twenty (20) years from the date first above written. The Agreement may be extended for two (2) additional ten (10) year periods or parts thereof. The Parties will prepare a written amendment indicating the effective date and length of the extended Agreement.

IN WITNESS WHEREOF, each Party hereto has pursuant to resolution duly passed and adopted by its respective governing body this AGREEMENT and caused it to be executed and be effective on the date first above written.

CITY OF VISTA:

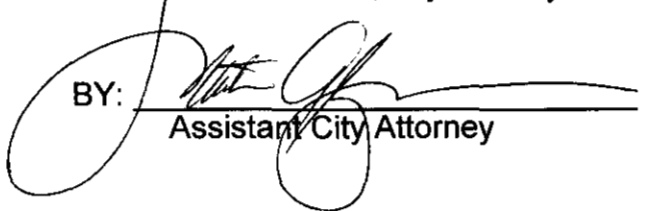
By: 
EDWIN W. ESTES, Mayor

ATTEST:

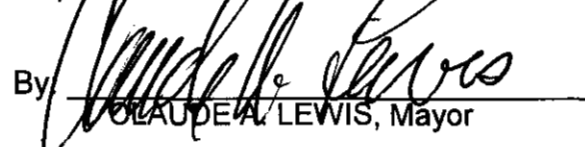
By: 
JO SEIBERT, City Clerk

APPROVED AS TO FORM:

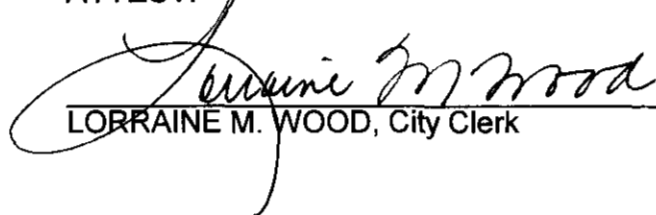
J. WAYNE DERNETZ, City Attorney

BY: 
Assistant City Attorney

CITY OF CARLSBAD, a municipal corporation of the State of California

By: 
CLAUDE A. LEWIS, Mayor

ATTEST:


LORRAINE M. WOOD, City Clerk

APPROVED AS TO FORM:

RONALD R. BALL, City Attorney

BY: 
Deputy City Attorney

Exhibit "A-1"

Vista/Carlsbad Interceptor

Vista Metering Station

M.H.No.35

City Boundary

Buena Vista Lift Station

VC1

VC2

VC3

VC4

VC5

VC6

VC7

VC8

VC9

VC10

VC11

VC12

VC13

VC14

VC15

VC16

VC17

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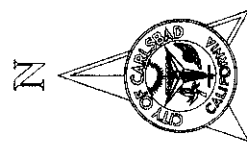
VC96

VC97

VC98

VC99

VC100



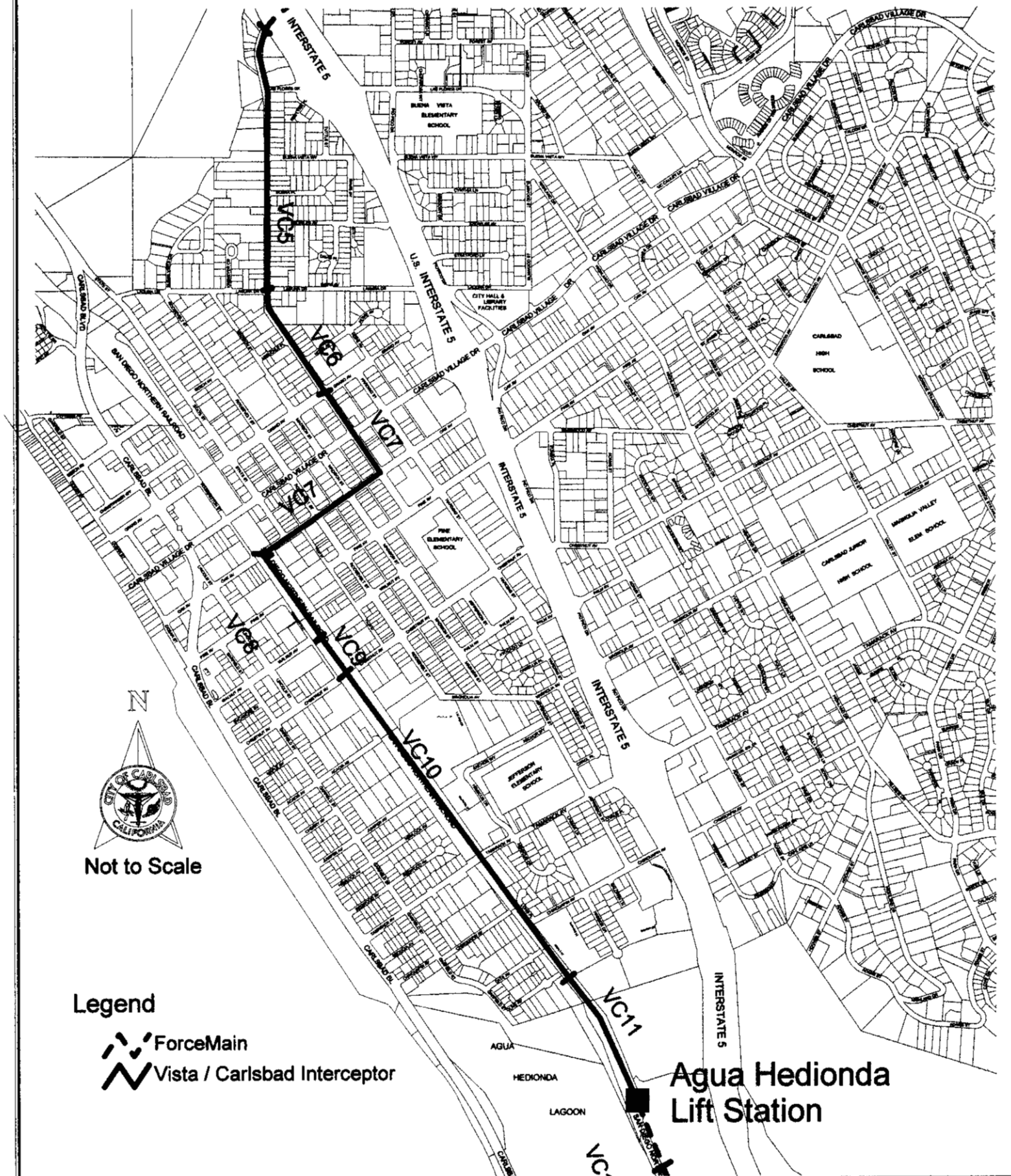
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ForceMain

Vista / Carlsbad Interceptor

Exhibit "A-2" Vista/Carlsbad Interceptor



Not to Scale

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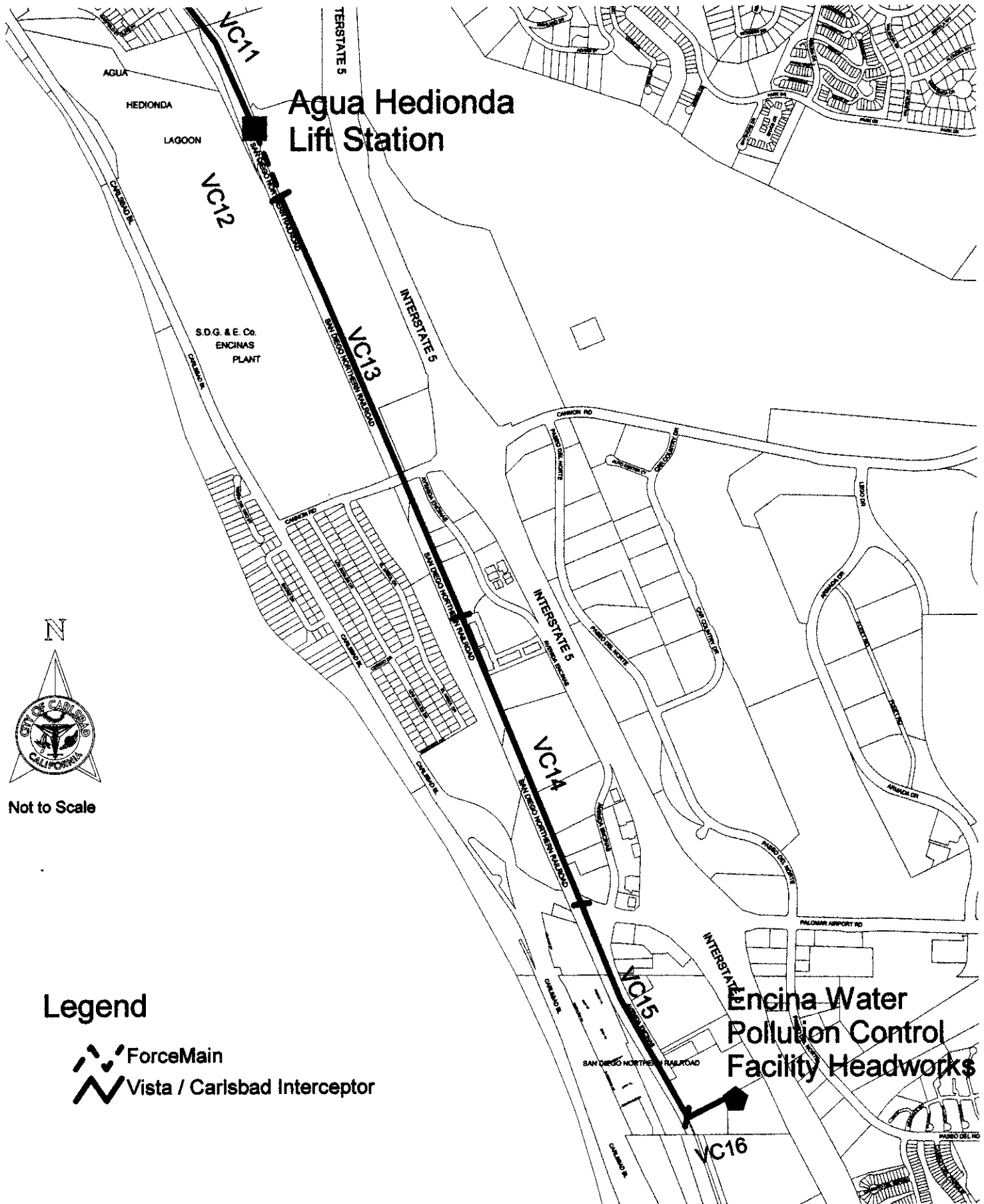
ForceMain

Vista / Carlsbad Interceptor

Agua Hedionda
Lift Station

Exhibit "A-3"

Vista/Carlsbad Interceptor



Legend

-  ForceMain
-  Vista / Carlsbad Interceptor

EXHIBIT "B"

VISTA/CARLSBAD INTERCEPTOR SEWER SYSTEM Capacity Rights

Pipeline Reach	Pipe Size (Inches)	Pipe Capacity (mgd) (a)	Capacity Rights					
			Vista			Carlsbad		
			Average Flow (mgd) (b)	Percent Capacity (c)	Capacity Rights (mgd)	Average Flow (mgd) (b)	Percent Capacity (c)	Capacity Rights (mgd)
VC1	36	30.0	10.38	100	30.0	--	--	0
VC2	42	34.0	10.38	93.4	31.8	0.73	6.6	2.2
VC3	36	19.5	10.38	89.6	17.5	1.20	10.4	2.0
Buena Vista Pump Sta.	--	23.1	10.38	89.6	20.7	1.20	10.4	2.4
VC4 (Force Main)	24	23.1	10.38	89.6	20.7	1.20	10.4	2.4
VC5*	42	31.5	10.38	89.6	28.2	1.2	10.4	3.3
VC6*	42	31.5	10.38	81.9	25.8	2.29	18.1	5.7
VC7*	42	31.5	10.38	79.4	25.0	2.69	20.6	6.5
VC8*	42	31.5	10.38	79.4	25.0	2.69	20.6	6.5
VC9*	48	28.5	10.38	75.5	21.5	3.37	24.5	7.0
VC10*	48	28.5	10.38	74.7	21.3	3.51	25.3	7.2
VC11	42	20.5	10.38	69.1	14.2	4.65	30.9	6.3
Agua Hedionda Pump Sta.	--	23.0	10.38	69.1	15.9	4.65	30.9	7.1
VC12 (Force Main)	2-18	23.0	10.38	69.1	15.9	4.65	30.9	7.1
VC13	42	20.5	10.38	69.1	14.1	4.65	30.9	6.4
VC14	42	20.5	10.38	56.1	11.5	8.11	43.9	9.0
VC15	42	22.8	10.38	56.1	12.8	8.13	43.9	10.0
VC16	54	67.4	10.38	50.2	33.8	10.28	49.8	33.6

- a) Pipe capacity is based on a depth of flow (D) to pipe diameter (d) ratio of one (i.e., $D/d = 1$) and Manning's "n" value of 0.013, except where noted with an *, $n=0.012$ for pvc lined pipe.
- b) Average flow rates are obtained from the October 1997 Sewer Master Plan Update for the City of Carlsbad. The Master Plan Update used a peaking factor of 2.0 for the Vista/Carlsbad Interceptor Sewer System.
- c) The percent capacity for each pipeline reach is based on the ratio of average flow to total flow times 100 percent.

EXHIBIT "C"

VISTA/CARLSBAD INTERCEPTOR SEWER ANNUAL OPERATION & MAINTENANCE BUDGET

ITEM	MAN-HOURS/YEAR
1. Manhole Inspections (approximately 85) (twice per year)	120
2. Clear Vegetation Around Manholes	80
3. Maintain Access Road East of Haymar Drive (twice per year)	40
4. Replace Corroded Manhole Lids (approximately three per year)	40
TOTAL	280 HOURS

ANNUAL O&M COST		
Labor 280 hours x \$28/hr	=	\$7,840
Vehicles/Equipment 280 hours x \$10/hr	=	\$2,800
Subtotal	=	\$10,640
15% Administration & Overhead	=	\$1,596
Materials	=	\$1,764
TOTAL	=	\$14,000

Approximate length of gravity sewer, 7-miles

Cost per mile, \$14,000/7-miles = \$2,000 per mile

NOTES:

1. Annual O&M costs do not include special inspections such as the Agua Hedionda Trestle or pipeline cleaning which can be expected to occur every 3-5 years.
2. O&M costs will be increased 3% per year to adjust for inflation.

**AGREEMENT BETWEEN THE BUENA SANITATION
DISTRICT AND CITY OF CARLSBAD FOR THE
LEASE OF CAPACITY IN THE ENCINA OUTFALL**

This Agreement, made and entered into this 15th day of December, 1981, by and between BUENA SANITATION DISTRICT, a county sanitation district, formed and existing under the County Sanitation District Act (Section 4700, et seq., Health and Safety Code) hereinafter referred to as "Buena" and the City of Carlsbad, a municipal corporation hereinafter referred to as "Carlsbad."

WITNESSETH:

1. The City of Carlsbad and Buena Sanitation District entered into an Agreement for the lease of capacity in a land sewage outfall on June 20, 1966.
2. Now Buena and Carlsbad desire to rescind that Agreement and replace it by a new Agreement.

NOW THEREFORE, the parties hereto agree as follows:

Section 1. EFFECTIVE DATE: This Agreement shall take effect December 15, 1981.

Section 2. LEASE OF CAPACITY: Buena agrees to lease to Carlsbad the following listed percentages of capacity in the Encina Outfall:

STATION TO STATION*			Z OF TOTAL LINE CAPACITY		AMOUNT			
			MH #					
35 0	+	00	20	+	81.43	0-6	34.88	\$ 48,625
20	+	81.43	33	+	36.43	6-9	31.71	14,280
33	+	36.43	42	+	28.18	9-12	28.21	10,070
42	+	28.18	67	+	42.43	12-20	28.21	20,900
5 67	+	42.43	87	+	57.43	20-24	21.13	11,735
4 87	+	57.43	190	+	93.29	24-51	18.84	45,950
5 190	+	93.29	204	+	08.65	51-54	17.65	5,630
204	+	08.65	209	+	56.94	54-55	17.65	2,410
Total								\$159,600

*Stations as shown on hereinafter mentioned plans.

**Capacity is defined as the total amount of sewage conveyed by each section of the Encina Outfall, flowing full without surcharge or spillage.

Said Encina Outfall is the outfall sewer line, shown on those certain plans entitled "Plans for the Project-Sheets 1 through 7 Inclusive" on file in the office of the Department of Public Works of the County of San San Diego, 5555 Overland Avenue, Building 1, San Diego, California, a copy of which has been furnished to Carlsbad.

Section 3. TERMS OF LEASE

1. Buena shall lease to Carlsbad for a period commencing the effective date of this agreement and ending on or before July 1, 1996, the percentages of capacity listed in Section 2 herein, said lease to be upon the following terms and conditions:

- (a) The total rental sum shall be \$159,600 of which \$85,120 shall be paid on or before the date of this Agreement. The remaining sum shall be payable as follows: 14 equal annual payments of \$5,320 each, beginning July 1, 1982, and payable each July 1 thereafter until fully paid.
- (b) Options are hereby granted by Buena to Carlsbad to purchase the capacity which is the subject of this lease. These options may be exercised provided lessee is not in default

of lease payments at the time lessee exercises the option to purchase. The option purchase price shall be the sum of \$159,600 less the amount of rental already paid to Buena under the terms of this Agreement.

2. Carlsbad may exercise the option to purchase at any time by giving one month's notice in writing, sent by registered or certified mail to Buena. Title to the capacity shall vest in Carlsbad upon delivery to Buena of payment in the full amount of said purchase price together with any rental payment due at the time of the exercise of said option. Until such time as Carlsbad exercises its option, title to the capacity which is the subject of this Agreement will remain in Buena.

3. Carlsbad shall not lose its right to exercise said option upon termination of the lease period, unless Carlsbad fails to exercise the same within ten (10) days after receipt of written notice from Buena to do so and to make prompt payment of any amount due or if no amount is due then one dollar.

Section 4. CONNECTIONS: Carlsbad, at its sole expense, shall be responsible for the construction, installation, maintenance, repair, replacement or reconstruction of any necessary transmission facilities from the Carlsbad Service Area to the Encina Outfall and for the connection of such transmission facilities together with any necessary appurtenances to the Encina Outfall.

Section 5. ENGINEER'S APPROVAL: The location, installation, construction, repair (except emergency repairs) replacement and/or reconstruction of the connections to the Encina Outfall shall be according to plans and specifications first approved by Buena's engineer.

Section 6. LIMITATIONS ON TYPE AND CONDITION OF SEWAGE: All sewage discharged by Carlsbad into Encina Outfall shall conform to the ordinances, resolutions, rules and regulations which Buena must adopt in accordance with Agreements of the Encina Joint Powers concerning the condition of sewage and waste permitted to be discharged to the Joint System or any part thereof.

Section 7. METERING: Carlsbad shall provide a device to meter the flow of sewage in the Encina Outfall at a point below any lateral connection, but above the Encina Sewage Treatment Facility. The meter will be installed and operated solely at Carlsbad's expense.

Section 8. INFILTRATION: It is understood and agreed that there will be inflow of water into the Encina Outfall because of leakage between the Carlsbad connection and the Encina Treatment Plant. Buena shall estimate the total waters that infiltrate the Encina Outfall between said connection and treatment plant (sometimes referred to herein as "infiltration") and apportion the same among all of such users of the Encina Outfall in the proportion that the amount of sewage discharged into the Encina Outfall by each such user bears to the total amount of sewage discharged into the Encina Outfall by all of such users of said Outfall. The amount of infiltration apportioned to each such user shall be deemed a part of the sewage of such user for all purposes.

Section 9. MAINTENANCE CHARGE:

1.. During such period as Carlsbad is authorized to use a portion of the capacity of the Encina Outfall, whether as lessee or owner of such capacity, Carlsbad shall pay to Buena a share of the cost of the maintenance and operation of the Encina Outfall, said share of the cost to be in proportion to the average flow of sewage discharged into the Encina Outfall through Carlsbad's connections to said outfall as compared to the total average flow of sewage discharged into said Encina Outfall.

2. Buena shall bill Carlsbad for its share of the cost from time to time, but at least annually, and Carlsbad shall pay its share of the cost to Buena within thirty (30) days after being so billed.

3. Buena shall keep accurate records of its cost of maintaining and operating the Encina Outfall and such records shall be open to inspection by Carlsbad at all reasonable times.

Section 10. CHARGE AGAINST CAPACITY RIGHTS IN ENCINA TREATMENT PLANT AND OCEAN OUTFALL: All sewage discharged into the Encina Outfall through Carlsbad's connection, under the terms of this Agreement and thereafter discharged into the Encina Treatment Plant, and all infiltration allocable to Carlsbad as determined by Section 8 of this Agreement, shall be charged against Carlsbad's capacity rights in and to the Encina Treatment Plant and Ocean Outfall.

Section 11. REPAIRS: The Encina Outfall Sewer shall be maintained by Buena in good repair and working order in accordance with sound engineering practices. It shall be the duty of Buena to make repairs on said Encina Outfall required to keep such outfall sewer in good operating condition. Except as provided in Section 12, the cost of all repairs shall be part of the maintenance costs of the Encina Outfall.

Section 12. MAJOR REPAIRS AND RECONSTRUCTION AND REPLACEMENT:

Notwithstanding the provisions of Section 11 hereof, if it becomes necessary for Buena to undertake major repairs of said Encina Outfall or any portion thereof or to replace or reconstruct said Encina Outfall or any portion thereof, the parties hereto shall pay all costs of such major repair, replacement or reconstruction in the same proportion as the parties own or lease capacity in the Encina Outfall or portion thereof repaired, replaced or reconstructed.

Section 13. INTERRUPTION OF SERVICE: In the event of an interruption of services to Carlsbad in the Encina Outfall, as a result of disaster, operation of State or Federal law, discontinuance or interruption of service to Buena by the Encina Treatment Plant or Ocean Outfall, or any other cause beyond the control of Buena, Buena shall bear no liability and shall be held harmless by Carlsbad from any claims and liabilities for any injury to or damage to any person or persons or property or for the death of any person or persons arising from or out of such interruption of service or for any other damages or costs incurred by Buena as a result of such interruption of service.

Section 14. **ARBITRATION:** Except as otherwise provided herein, all controversies arising out of the interpretation or application of this agreement or the refusal of either party to perform the whole or any part thereof shall be settled by arbitration in accordance with the provisions of this section and where not provided by this section, in accordance with the statutory provisions of the State of California then in force. The controversy shall be submitted to a board of three (3) arbitrators which shall be appointed, one by Buena, one by Carlsbad and the third by the first two. The party desiring arbitration shall notify the other party by a written notice stating the following: (1) that it desires arbitration, (2) the controversy to be arbitrated, (3) that it has appointed its nominee, and (4) that it requests the other party to appoint its nominee. Within thirty (30) days from the receipt of said notice the other party shall appoint its nominee. Within fifteen (15) days after the last party has appointed its nominee the two nominees shall appoint the third. None of the arbitrators shall be a resident of, or taxpayer in, or own property in, or have a place of business in, or be employed in or by, or have any contract with, or be an officer or employee of, either party. The arbitration board shall hold at least one hearing and, at least ten (10) days before said hearing, shall give each party written notice thereof. The arbitration shall be restricted to matters relative to that stated in the notice requesting arbitration. The arbitration board shall have no authority to add to or subtract from this agreement. Each party shall be given an opportunity to be heard and to present evidence. Upon conclusion of the hearing or hearings the arbitration board shall reduce

their findings of fact, conclusions of law and the award to writing, and shall sign the same and deliver one signed copy thereof to each public agency. Such award shall be final and binding upon both parties. A majority finding shall govern if the arbitrators' determination is not unanimous. Each party shall pay its own expenses, including the expenses of the arbitrator which it nominates. The expenses of the third arbitrator and the administrative costs of the arbitration proceedings shall be shared equally.

Any controversy which can be determined by an engineer's findings and which under this section could be submitted to arbitration may, if the parties thereto agree in writing to do so, be submitted to a named engineer who shall be the sole arbitrator.

Such engineer shall be a member of the American Society of Civil Engineers and shall be disinterested as hereinbefore in this section required of arbitrators on an arbitration board. He shall proceed in the same manner and shall make findings, conclusions and an award in the manner provided herein for an arbitration board.

Section 15. NOTICE: Notices required or permitted under this agreement shall be sufficiently given if in writing and if either served personally upon or mailed by registered or certified mail to the clerk or secretary of the governing body of the affected party to this agreement.

Section 16. LIABILITY: Nothing herein contained shall operate to relieve Carlsbad of any liability for damages to persons or property arising from or out of the installation, construction, operation, maintenance, repair, replacement or reconstruction of the aforesaid sewer connections and appurtenances or from any action or inaction of Carlsbad or of its officers, agents or employees in connection therewith.

And except as provided in Section 16 nothing herein contained shall operate to relieve Buena of any liability for damages to persons or property arising from or out of the installation, construction, operation, maintenance, repair, replacement and/or reconstruction of the aforesaid sewer connections and appurtenances or from any action or inaction of Buena or of its officers, agents or employees in connection therewith.

Section 17. **INDEMNITY:** To the extent it may legally do so, Carlsbad shall defend and save and hold free and harmless Buena and its agents, officers and employees from any claims, liabilities, penalties or fines for injury to or damage to any person or property or for the death of any person arising from or out of any act or omission of Carlsbad, its agents, officers, employees or contractors, arising from or out of any defects in the installation; construction, operation; maintenance, repair, replacement or reconstruction of said sewer connections or appurtenances.

Section 18. **TIME OF ESSENCE:** Time is of the essence of this agreement.

Section 19. **SEVERABILITY:** If any section, subsection, sentence, clause, phrase or word of this agreement, or the application thereof, to any party, or to any other person or circumstance is for any reason held invalid, it shall be deemed severable and the validity or the remainder of the agreement or the application of such provision to the other parties or to any other persons or circumstances shall not be affected thereby. Each party hereby declared that it would have entered into this agreement and each section, subsection, sentence, clause, phrase and work thereof irrespective of the fact that one or more sections, subsections, sentences, clauses, phrases or words, or the application thereof to any party or any other person or circumstance be held invalid.

Section 20. This agreement shall be binding upon the parties hereto and the successors and assigns of each of them.

IN WITNESS WHEREOF, each party hereto has pursuant to resolution duly passed and adopted by its respective governing body caused this agreement to be executed the date first above written.

BUENA SANITATION DISTRICT

By Mattyn A. Nelson
Ass't. Clerk of Board of Directors

APPROVED BY THE
DISTRICT BOARD OF DIRECTORS

DEC 15 1981 #1 Buena
CITY OF CARLSBAD

Porter A. Creamer
CLERK OF THE DISTRICT BOARD OF DIRECTORS

By Ronald R. Burkard
Mayor

10.

APPROVED AS TO FORM AND LEGALITY
COUNTY COUNSEL

BY William D. Smith
DEPUTY 12-4-81

AGREEMENT BETWEEN THE BUENA SANITATION
DISTRICT AND CITY OF CARLSBAD FOR THE
LEASE OF ADDITIONAL CAPACITY IN THE
ENCINA OUTFALL

This Agreement, made and entered into this 15th day of December, 1987, by and between BUENA SANITATION DISTRICT, a county sanitation district, formed and existing under the County Sanitation District Act (Section 4700, et seq., Health and Safety Code) hereinafter referred to as "Buena" and the CITY OF CARLSBAD, a municipal corporation hereinafter referred to as "Carlsbad."

WITNESSETH:

1. Carlsbad and Buena Sanitation District entered into an Agreement for the lease of capacity in a land sewage outfall on June 20, 1966.
2. The City of Carlsbad and Buena Sanitation District rescinded the 1966 Agreement and replaced it with a new agreement in 1981.
3. Now the City of Carlsbad desires to temporarily lease additional capacity in the land sewage outfall from Buena.

NOW THEREFORE, the parties hereto agree as follows:

Section 1. EFFECTIVE DATE: This agreement shall take effect July 1, 1988.

Section 2. LEASE OF CAPACITY: Buena agrees to lease to Carlsbad on a temporary basis .8 peak mgd until a replacement sewer is constructed in accordance with Section 3 of this Agreement.

Section 3. NEW CONSTRUCTION: When peak flows in the interceptor reach 75% of the depth of the pipe in any reach of the Encina Outfall, as determined by the Buena Sanitation District, Carlsbad shall construct a replacement outfall to eliminate the need for this lease. When the construction is completed this lease shall terminate. When flows reach 75% of the depth of flow of the pipe all payments required in Section 4 of this agreement shall double and they will double again each year until the flows are removed from the line. If other unanticipated capacity problems arise relating to this lease, Carlsbad, at Buena's request, will be required to pay their share to correct the problem.

Section 4. TERMS OF LEASE: Carlsbad shall pay to Buena \$7,500 per year for the term of this lease. If permanent capacity should become available for acquisition Carlsbad shall retain the option to acquire said capacity and apply previous lease payments towards the acquisition price.

Section 5. CONNECTIONS: Carlsbad, at its sole expense, shall be responsible for the construction, installation, maintenance, repair, replacement or reconstruction of any necessary transmission facilities from the Carlsbad Service Area to the Encina Outfall and for the connection of such transmission facilities together with any necessary appurtenances to the Encinas Outfall.

Section 6. ENGINEER'S APPROVAL: The location, installation, construction, repair (except emergency repairs) replacement and/or reconstruction of the connections to the Encinas Outfall shall be according to plans and specifications first approved by Buena's engineer.

Section 7. LIMITATIONS ON TYPE AND CONDITION OF SEWAGE: All sewage discharged by Carlsbad into Encina Outfall shall conform to the ordinances, resolution, rules and regulations which Buena must adopt in accordance with Agreements of the Encina Joint Powers concerning the condition of sewage and waste permitted to be discharged to the Joint System or any part thereof.

Section 8. METERING: Carlsbad shall, upon request of Buena, provide a device to meter the flow of sewage in the Encina Outfall at a point below any lateral connection, but above the Encina Sewage Treatment Facility. The meter will be installed and operated solely at Carlsbad's expense.

Section 9. INFILTRATION: It is understood and agreed that there will be inflow of water into the Encina Outfall because of leakage between the Carlsbad connection and the Encina Treatment Plant. Buena shall estimate the total waters that infiltrate the Encina Outfall between said connection and treatment plant (sometimes referred to herein as "infiltration") and apportion the same among all of such users of the Encina Outfall in the proportion that the amount of sewage discharged into the Encina Outfall by each such user bears to the total amount of sewage discharged into the Encina Outfall by all of such users of said Outfall. The amount of infiltration apportioned to each such user shall be deemed a part of the sewage of such user for all purposes.

Section 10. MAINTENANCE CHARGE:

1. During such period as Carlsbad is authorized to use a portion of the capacity of the Encina Outfall, whether as lessee or owner of such capacity, Carlsbad shall pay to Buena a share of the cost of the maintenance and operation of the Encina Outfall, said share of the cost to be in proportion to the average flow of sewage discharged into the Encina Outfall through Carlsbad's connections to said outfall as compared to the total average flow of sewage discharged into said Encina Outfall.

2. Buena shall bill Carlsbad for its share of the cost from time to time, but at least annually, and Carlsbad shall pay its share of the cost to Buena within thirty (30) days after being so billed.

3. Buena shall keep accurate records of this cost of maintaining and operating the Encina Outfall and such records shall be open to inspection by Carlsbad at all reasonable times.

Section 11. CHARGE AGAINST CAPACITY RIGHTS IN ENCINA TREATMENT PLANT AND OCEAN OUTFALL: All sewage discharged into the Encina Outfall through Carlsbad's connection, under the terms of this Agreement and thereafter discharged into the Encina Treatment Plant, and all infiltration allocable to Carlsbad as determined by Section 9 of this Agreement, shall be charged against Carlsbad's capacity rights in and to the Encina Treatment Plant and Ocean Outfall.

Section 12. REPAIRS: The Encina Outfall Sewer shall be maintained by Buena in good repair and working order in accordance with sound engineering practices. It shall be the duty of Buena to make repairs on said Encina Outfall required to keep such outfall sewer in good operating condition. Except as provided in Section 13, the cost of all repairs shall be part of the maintenance cost of the Encina Outfall.

Section 13. INTERRUPTION OF SERVICE: In the event of an interruption of services to Carlsbad in the Encina Outfall, as a result of disaster, operation of State or Federal law, discontinuance or interruption of service to Buena by the Encina Treatment Plant or Ocean Outfall, or any other cause beyond the control of Buena, Buena shall bear no liability and shall be held harmless by Carlsbad from any claims and liabilities for any injury to or damage to any person or persons or property or for the death of any person or persons arising from or out of such interruption of service or for any other damages or costs incurred by Buena as a result of such interruption of service.

Section 14. ARBITRATION: Except as otherwise provided herein, all controversies arising out of the interpretation or application of this agreement or the refusal of either party to perform the whole or any part thereof shall be settled by arbitration in accordance with the provisions of this section and where not provided by this section, in accordance with statutory provisions of the State of California then in force. The controversy shall be submitted to a board of three (3) arbitrators which shall be appointed, one by Buena, one by Carlsbad and the third by the first two. The party desiring arbitration shall notify the other party by a written notice stating the following: (1) that it desires arbitration, (2) the controversy to be arbitrated, (3) that it has appointed its nominee, and (4) that it request the other party to appoint its nominee. Within thirty (30) days from the receipt of said notice the other party shall appoint its nominee. Within fifteen (15) days after the last party has appointed its nominee the two nominees shall appoint the third. None of the arbitrators shall be a resident of, or taxpayer in, or own property in, or have a place of business in, or be employed in or by, or have any contract with, or be an officer or employee of, either party. The arbitration board shall hold at least one hearing and, at least ten (10) days before said hearing, shall give each party written notice thereof. The arbitration shall be restricted to matters relative to that stated in the notice requesting arbitration. The arbitration board shall have no authority to add to or subtract from this agreement. Each party shall be given an opportunity to be heard and to present evidence. Upon conclusion of the hearing or hearings, the arbitration board shall reduce their findings of fact, conclusions of law and the award to writing, and shall sign the same and deliver one signed copy thereof to each public agency. Such award shall be final and binding upon both parties. A majority finding shall govern if the arbitrators' determination is not unanimous. Each party shall pay its own expenses, including the expenses of the arbitrator which it nominates. The expenses of the third arbitrator and the administrative costs of the arbitration proceedings shall be shared equally.

Any Controversy which can be determined by an engineer's findings and which under this section could be submitted to arbitration may, if the parties thereto agree in writing to do so, be submitted to a named engineer who shall be the sole arbitrator.

Such engineer shall be a member of the American Society of Civil Engineers and shall be disinterested as hereinbefore in this section required of arbitrators on an arbitration board. He shall proceed in the same manner and shall make findings, conclusion and an award in the manner provided herein for an arbitration board.

Section 15. NOTICE: Notice required or permitted under this agreement shall be sufficiently given if in writing and if either served personally upon or mailed by registered or certified mail to the clerk or secretary of the governing body of the affected party to this agreement.

Section 16. LIABILITY: Nothing herein contained shall operate to relieve Carlsbad of any liability for damages to persons or property arising from or out of the installation, construction, operation, maintenance, repair, replacement or reconstruction of the aforesaid sewer connections and appurtenances or from any action or inaction of Carlsbad or its officers, agents or employees in connection therewith.

And except as provided in Section 17 nothing herein contained shall operate to relieve Buena of any liability for damages to persons or property arising from or out of the installation, construction, operation, maintenance, repair, replacement and/or reconstruction of the aforesaid sewer connections and appurtenances or from any action or inaction of Buena or of its officers, agents or employees in connection therewith.

Section 17. INDEMNITY: To the extent it may legally do so, Carlsbad shall defend and save and hold free and harmless Buena and its agents, officers and employees from any claims, liabilities, penalties or fines for injury to or damage to any person or property or for the death of any person arising from or out of any act or omission of Carlsbad, its agents, officers, employees or contractors, arising from or out of any defects in the installation, construction, operation, maintenance, repair, replacement or reconstruction of said sewer connections or appurtenances.

Section 18. TIME OF ESSENCE: Time is of the essence of this agreement.

Section 19. SEVERABILITY: If any section, subsection, sentence, clause, phrase or word of this agreement, or the application thereof, to any party, or to any other person or circumstance is for any reason held invalid, it shall be deemed severable and the validity or the remainder of the agreement or the application of such provision to the other parties or to any other persons or circumstances shall not be affected thereby. Each party hereby declared that it would have entered into this agreement and each section, subsection, sentence, clauses, phrase and work thereof irrespective of the fact that one or more sections, subsections, sentences, clauses, phrases or words, or the application thereof to any party or any other person or circumstance be held invalid.

Section 20. This agreement shall be binding upon the parties hereto and the successors and assigns of each of them.

IN WITNESS WHEREOF, each party hereto has pursuant to resolution duly passed and adopted by its respective governing body caused this agreement to be executed the date first above written.

BUENA SANITATION DISTRICT

APPROVED BY THE
DISTRICT BOARD OF DIRECTORS

12-15-87(3)

By Matthew A. Nelson
Clerk of the Board of Directors

Matthew A. Nelson
CLERK OF THE BOARD OF DIRECTORS

City of Carlsbad
By Claude A. Lewis
CLAUDE A. LEWIS, Mayor

PALOMAR JOINT LAND OUTFALL
INTERCEPTOR INTERAGENCY
AGREEMENT

PALOMAR JOINT LAND OUTFALL INTERCEPTOR

INTERAGENCY AGREEMENT

THIS AGREEMENT is made and entered into this 8th day of January, 1985 by and between the SAN MARCOS COUNTY WATER DISTRICT (SAN MARCOS), the CITY OF VISTA (VISTA), and the CITY OF CARLSBAD (CARLSBAD), collectively referred to as PARTIES.

RECITALS:

WHEREAS, SAN MARCOS and BUENA entered into an agreement dated June 19, 1967, for lease of capacity by SAN MARCOS in BUENA SANITATION DISTRICT'S ENCINA OUTFALL SEWER LINE (BUENA LINE), this agreement expired July 1, 1978; and

WHEREAS, SAN MARCOS and BUENA entered into a second agreement for lease of capacity by SAN MARCOS in the BUENA LINE for the period of July 1, 1978, through July 1, 1981; and

WHEREAS, this second lease agreement was subsequently amended to extend an additional year to July 1, 1982; and

WHEREAS, SAN MARCOS, the DAON CORPORATION, and BUENA entered into a third agreement for lease of capacity by SAN MARCOS in the BUENA LINE for the period of July 1, 1982 through January 1, 1984, (the estimated operational date for the then proposed San Marcos Outfall Sewer Line to the Encina Treatment Plant or the Meadowlark Water Reclamation Facility for use by SAN MARCOS); and

WHEREAS, on June 20, 1966, BUENA and CARLSBAD entered into an agreement for lease of capacity in the BUENA LINE; and

WHEREAS, on December 15, 1981, BUENA and CARLSBAD rescinded the aforementioned agreement and entered into a new agreement entitled "AGREEMENT BETWEEN THE BUENA SANITATION DISTRICT AND THE CITY OF CARLSBAD FOR THE LEASE OF CAPACITY IN THE ENCINA OUTFALL, the BUENA LINE, the period of this lease extends to July 1, 1996; and

WHEREAS, because of these leases of capacity to SAN MARCOS and CARLSBAD, and because of continued increase in sewage from SAN MARCOS, CARLSBAD, and BUENA, the BUENA LINE has almost reached its capacity; and

WHEREAS, VISTA desires to obtain sewage transmission capacity to the Encina Water Pollution Control Facilities to serve the development in VISTA'S service area, known as Raceway Basin area; and

WHEREAS, CARLSBAD desires to obtain additional sewage transmission capacity to the Encina Water Pollution Control Facilities to serve in the developments in the south and central CARLSBAD service area; and

WHEREAS, in 1979 SAN MARCOS initiated a project entitled "SAN MARCOS COUNTY WATER DISTRICT LAND-OUTFALL INTERCEPTOR" (State Water Resources Control Board Project No. C-06-1571-010) which extended from SAN MARCOS to the Encina Plant. Plans, specifications, and an environmental impact report were prepared. The design criteria for the lower reach from El Camino Real to the Encina Plant was 12.1, more or less, millions of gallons per day maximum flow capacity; and

WHEREAS, PARTIES to this Agreement have expressed a desire to cooperate in the construction, operation, and maintenance of the Palomar Joint Land Outfall Interceptor, as shown on Plans and Specifications prepared by Neste, Brudin and Stone, Civil Engineers, dated August 23, 1983, as set forth in this Agreement and hereinafter called "INTERCEPTOR"; and

WHEREAS, PARTIES are entering into this Agreement in order to establish their respective rights and duties with respect to the ownership of capacity in each reach of the facilities and for the operation and maintenance of the facilities;

COVENANTS

NOW THEREFORE, incorporating recitals of facts above, the PARTIES hereto agree as follows:

Article 1. OWNER: SAN MARCOS shall be the owner and shall be responsible for the preparation of the contract documents, the environmental impact report for SAN MARCOS, the Coastal Commission permits, all other permits, property acquisition and easements, supervision of construction, operation and maintenance of the INTERCEPTOR, and for the fiscal management of the INTERCEPTOR. Assistance from other agencies shall be provided to facilitate the process upon request by SAN MARCOS.

Article 2. OWNER'S RESPONSIBILITIES: SAN MARCOS shall diligently and faithfully pursue all the foregoing responsibilities knowing that time is of the essence for construction of the INTERCEPTOR to relieve the surcharging in the BUENA LINE.

ARTICLE 3. CAPACITY OWNERSHIP: The ownership of capacity in the INTERCEPTOR is shown in Table 1.

TABLE I
CAPACITY OWNERSHIP PERCENTAGES

Carlsbad
MGD %
5.0 23.98

Vista
MGD %
3.75 17.99

San Marcos
MGD %
12.1 58.03

(See Exhibit A for location)

The final maximum peak flow capacity for the City of Carlsbad equals 5.0 Million Gallons Per Day and the City of Vista equals 3.75 Million Gallons Per Day. For purposes of distributing costs, the costs shall be shared by all three agencies in accordance with their capacity ownership, and for the construction cost. Final adjustments to these costs will be made after the INTERCEPTOR is finally constructed and all costs are known.

Article 4. PRE-CONSTRUCTION: The pre-construction work to be completed shall include, but not be limited to, the following tasks:

1. Preparation of an Environmental Impact Report (EIR) the project.
2. Revisions to the construction documents for the oversizing to accommodate the Carlsbad and Vista flows prepared by NESTE, BRUDIN & STONE, INC.

3. Acquisition of permits.
4. Acquisition of easements and rights-of-way.
5. Administration, miscellaneous engineering, and legal tasks.

Since SAN MARCOS has already prepared an EIR and completed construction documents for their original "Land Outfall Interceptor" Project, SAN MARCOS will not share in any additional costs for tasks 1 and 2.

Costs for tasks 1 and 2 shall be shared between VISTA and CARLSBAD in accordance with their capacity ownership percentages (omitting SAN MARCOS) so weighted and averaged to account for the construction cost. These computations are shown in Exhibit B and summarized as follows:

CARLSBAD 57.14 percent

VISTA 42.86 percent

Final adjustments to these percentages will be made after the project is finally constructed and all costs are known.

Pre-construction costs shall be shared among the agencies in accordance with their capacity ownership as set forth in Article 3.

With the assistance of CARLSBAD and VISTA, SAN MARCOS shall take any and all steps necessary to acquire easements of right-of-way for the project. In the event eminent domain proceedings are necessary, all PARTIES agree to take any necessary legal proceedings required. All PARTIES agree to adopt any necessary resolutions connected with said legal proceedings. The cost of all such legal proceedings shall be borne in accordance with Article 3.

Article 5. CONSTRUCTION: SAN MARCOS shall be the contracting agency, shall administer the construction contract, in accordance with Division 12, Water Code, State of California, and shall take any and all steps necessary to ensure the INTERCEPTOR is completed in accordance with the plans and specifications. Change orders or amendments to the approved plans and specifications affecting the costs to be paid by other PARTIES hereto may be authorized by SAN MARCOS on individual change orders of \$25,000.00 or less, up to an aggregate of five (5%) percent of the INTERCEPTOR construction costs, without approval from the other affected PARTIES.

Article 6. COST ACCOUNTING (Pre-Construction and Construction): SAN MARCOS shall keep and maintain proper books of account and records in which complete and current entries shall be made of all transactions.

For the construction contract of the project SAN MARCOS shall prepare or cause to be prepared a cash flow table. The cash flow tables shall be updated quarterly to reflect any changes in the schedules or in anticipated costs, and shall reflect the capacity ownerships shown in Articles 3. Upon execution of "Notice to Proceed" of contract, all of the PARTIES hereto shall deposit in a trust fund to be held by SAN MARCOS fifteen (15%) percent of each PARTY'S share of the estimated total construction costs as shown in initial cash flow table. SAN MARCOS shall then bill each of the PARTIES quarterly, in advance to insure that SAN MARCOS always has sufficient funds on hand to make timely disbursements in the Administration of the project. VISTA and CARLSBAD shall pay such statements within a reasonable period thereafter. SAN MARCOS shall submit with each quarterly billing a copy of the updated cash flow table showing how each PARTY'S anticipated costs were established. In the event that SAN MARCOS borrows any monies in order to pay such costs as they become due because of delay in required payments by any of the parties hereto, the costs of such borrowing shall be paid by the PARTY or PARTIES causing such delay in proportion to the amount of their respective obligations and the period of delay caused by each such PARTY.

SAN MARCOS shall invest all deposits made with it pursuant to this Agreement until needed for payment of the costs and all earnings thereon shall inure to the PARTIES hereto in proportion to the respective amounts credited to them.

SAN MARCOS shall be strictly accountable to all PARTIES hereto for all funds received by it pursuant to this Agreement, and shall maintain and make available to the PARTIES hereto adequate records of all receipts and disbursements pursuant thereto.

Article 7. ROUTINE MAINTENANCE AND OPERATION OF THE PROJECT:

On completion of the INTERCEPTOR, each PARTY shall enjoy the capacity ownerships set forth in Article 3, Table I. However, SAN MARCOS shall provide routine maintenance and operation functions for the INTERCEPTOR in accordance with this Agreement. Costs of maintenance and operation shall be shared by the PARTIES hereto in proportion to their capacity ownerships, as set forth in Article 3, Table I.

Costs of expendables for all PARTIES, such as, but not limited to, power, chemicals, etc., will be borne and paid by each of the PARTIES in a ratio of their flow to the total flow of wastewater transported through the INTERCEPTOR for each of the PARTIES for the preceding calendar year. Until such time as a preceding calendar year is available, the period of time shall be the cumulative preceding months of operation. Costs of expendables benefitting less than all PARTIES shall be borne by the PARTY or PARTIES concerned.

SAN MARCOS shall bill VISTA and CARLSBAD periodically (but not less than annually) for that PARTY'S share of such costs and maintenance; VISTA and CARLSBAD shall pay such statement within a reasonable period of time thereafter.

SAN MARCOS shall keep and maintain proper books of account and records in which complete and current entries shall be made of all transactions, including all receipts and disbursements, relating to the administration, maintenance, operation, and repair of the INTERCEPTOR; VISTA and CARLSBAD shall have the right, at reasonable times, from time to time, during regular business hours to inspect all such books and records to verify any statement rendered by SAN MARCOS to VISTA or CARLSBAD for charges payable by those PARTIES to SAN MARCOS. SAN MARCOS shall utilize the "Uniform Accounting Program" of the State Controller's office for this purpose.

It is acknowledged and agreed by the PARTIES that it is difficult to establish in advance a detailed plan for accounting and allocation of operation and maintenance costs. Maintenance and operating costs shall mean the necessary costs of maintaining and operating the INTERCEPTOR based on generally accepted accounting principles, including, but not limited to, expenses necessary to maintain and preserve the INTERCEPTOR in good repair and working order, as well as insurance, taxes, administration, and any costs attributable to maintenance and operation.

Article 8. REPAIRS OR REPLACEMENT: Except in cases of emergency repairs, prior to making any repairs to any part of the INTERCEPTOR in which VISTA or CARLSBAD have capacity rights which are estimated to cost in excess of Ten Thousand Dollars, SAN MARCOS shall obtain prior approval of VISTA and CARLSBAD for any such expenditures.

The expenses of repair shall be charged to each PARTY on the basis of capacity ownership, and shall be substantiated by customary accounting procedures; and shall be paid by VISTA and CARLSBAD within a reasonable period of time provided, however, such costs benefitting less than all PARTIES shall be borne by the PARTY or PARTIES concerned.

The cost of replacing any portion of the INTERCEPTOR shall be allocated on the basis of the capacity of ownership as set forth herein for the INTERCEPTOR being replaced.

SAN MARCOS shall undertake any necessary repairs or replacement at the earliest possible date.

Article 9. METERS: VISTA and SAN MARCOS shall maintain meters to measure the flow of wastewater into the INTERCEPTOR. CARLSBAD'S flow shall be determined by subtracting the sum of the flows from VISTA and SAN MARCOS from the total flows measured by the Palomar Parshall flume meter at the headworks of the Encina Water Pollution Control Facilities.

Each PARTY shall bear the full cost of the meter and appurtenances installed for the use of that PARTY in measuring the amount of wastewater discharge into the INTERCEPTOR.

Article 10. PROHIBITION OF TOXIC MATERIALS: Each PARTY agrees to adopt and enforce on a continuing basis regulations prohibiting the discharge of toxic materials to the Encina Water Pollution Control Facilities.

Each PARTY agrees to enforce rules and regulations relative to the discharge of sewage and wastewater to the INTERCEPTOR to insure that anything introduced into the INTERCEPTOR is consistent with the Encina NPDES discharge permit.

Any PARTY failing to comply with the provisions of this Article shall pay any costs directly or indirectly resulting therefrom, including the cost of ascertaining and establishing that such violation did occur as well as any fines, penalties, engineering, accounting, administrative and legal costs, as well as any resulting increased operating, maintenance and replacement or repair costs that are incurred.

Article 11. INDEMNITY OF VISTA AND CARLSBAD: SAN MARCOS shall indemnify, assume the defense of, and hold free and harmless, VISTA and CARLSBAD, their officers, directors, agents and employees from any and all

obligations, liabilities, liens, claims, demands, losses, damages and expenses, of whatever type or nature, including, but not limited to, attorney's fees and all litigation costs arising out of SAN MARCOS'S operation or maintenance of the INTERCEPTOR or any other act or omission to act by SAN MARCOS, its agents, servants, employees, invitees, or independent contractors relating to the operation and maintenance of the INTERCEPTOR.

Notwithstanding, the foregoing, the indemnity agreement created by this Article shall not indemnify VISTA or CARLSBAD, their directors, agents or employees against any liability arising from the negligence or willful misconduct of VISTA or CARLSBAD, their officers, directors, agents, employees or independent contractors.

Article 12. SAN MARCOS TO MAINTAIN INSURANCE: SAN MARCOS shall maintain in force, beginning with the completion of the construction and extending through the full period of this Agreement, a full comprehensive public liability and property damage insurance policy insuring against any and all claims for injuries or death of persons or damage to property occurring in, upon, or about the property subject to this Agreement.

The insurance contract shall have limits of not less than \$1,000,000.00 single-limit coverage; VISTA and CARLSBAD, their officers, directors, agents and employees, shall be listed as named insureds, and it shall provide for at least forty-five (45) days notice of cancellation or modification of coverage or limits. Said insurance shall be included as an operating and maintenance expense as provided in Article 7.

Article 13. NOTICES: Notices which any PARTY is required to give or desires to give hereunder may be served upon another PARTY by personally delivering a copy thereof, or by mailing any such notice by certified mail, return receipt requested, postage prepaid, addressed as follows:

CITY OF CARLSBAD
1200 Elm Avenue
Carlsbad, California

CITY OF VISTA
P.O. Box 1988
Vista, California 92083

SAN MARCOS COUNTY WATER DISTRICT
788 West San Marcos Boulevard
San Marcos, California 92069

Any PARTY may from time to time designate a different address for notice y notifying the other PARTIES; any notice mailed by regular mail shall be deemed received by the PARTY to whom such notice is addressed on the date of the return receipt.

Article 14. AMENDMENTS TO THIS AGREEMENT: This Agreement may not be altered in whole or in part except by modification in writing, executed by all PARTIES to this Agreement.

Article 15. ATTORNEY'S FEES: In the event any litigation in law or in equity, including action for declaratory relief, is brought to enforce or interpret the provisions or performance of this Agreement, the prevailing PARTY shall be entitled to the award of a reasonable attorney's fee and the costs of the proceeding, which shall be determined by the Court or the presiding officer having authority to make this determination.

If any PARTY to this Agreement becomes a party to any litigation, concerning the enforcement or interpretation of the provisions of this Agreement or the performance of this Agreement by reason of any act or omission of the other PARTY or authorized representatives of another PARTY to this Agreement and not by any act or omission of its authorized representatives, the PARTY that causes the other PARTY to become involved in the proceeding shall be liable to that PARTY for reasonable attorney's fees and costs of the proceeding incurred by that PARTY in the proceeding. The award of reasonable attorney's fees and costs shall be determined as provided above.

In the event opposing PARTIES have each prevailed on one or more causes of action actually contested or admitted by pleadings or pre-hearing documents on file, the presiding officer shall make an award of attorney's fees and costs, but the presiding officer may prorate such fees and costs between prevailing PARTIES based on the necessity of the proceeding and the importance of the issue upon which each PARTY has prevailed.

Article 16. ENTIRE AGREEMENT: This Agreement, together with the Exhibits hereto, contains all representations and the entire understanding between the PARTIES with respect to the subject matter of this Agreement. Any prior correspondence, memoranda or agreements are replaced in total by this Agreement and Exhibits hereto.

Article 17. ASSIGNMENT: No PARTY to this Agreement shall be entitled to assign all or any portion of their rights or obligations contained in this Agreement without obtaining the prior written consent of the other PARTIES. This shall not apply to successor agencies which are also PARTIES to this Agreement.

Article 18. BINDING EFFECT: This Agreement shall inure to the benefit of and be binding upon PARTIES hereto and their respective successors, heirs, and assigns.

Article 19. APPLICABLE LAW: This Agreement and any disputes relating to this Agreement shall be construed under the laws of the State of California.

Article 20. UNENFORCEABLE PROVISIONS: The terms, conditions, and covenants of this Agreement should be construed, wherever possible, consistent with applicable laws and regulations.

To the extent that any provision of the Agreement violates any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.

Article 21. VENUE: For the purpose of litigation or arbitration, venue shall lie in the North County Judicial District, County of San Diego, State of California, or, if such venue cannot be exercised, in the Federal or State Court nearest to the North County Judicial District, County of San Diego.

Article 22. TERM: This Agreement is executed and is to be performed in the North County Judicial District, County of San Diego, State of California, and consists of 23 pages (including Exhibits), and shall continue in effect until terminated by mutual agreement of the PARTIES.

Article 23. SIGNATURE AND SEALS: This Agreement shall be effective on and from the day and year first above written.

IN WITNESS WHEREOF, we have hereunto set our hands and seals.

ATTEST:

Altha A. Rautenkrantz
City Clerk

ATTEST:

William W. Rucker
William W. Rucker, Secretary

ATTEST:

Jean Brooks
City Clerk - Jean Brooks

CITY OF CARLSBAD

By Mary H. Casler
Mayor

SAN MARCOS COUNTY WATER DISTRICT

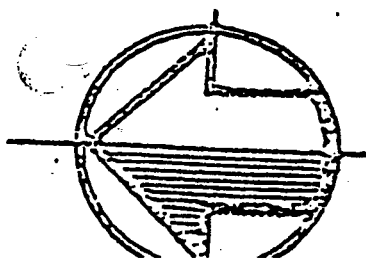
Dale Mason
Dale Mason, President

CITY OF VISTA

R. Michael Flick
Mayor - R. Michael Flick

EXHIBIT "A"

PALOMAR JOINT LAND OUTFALL INTERCEPTOR



NOT TO
SCALE

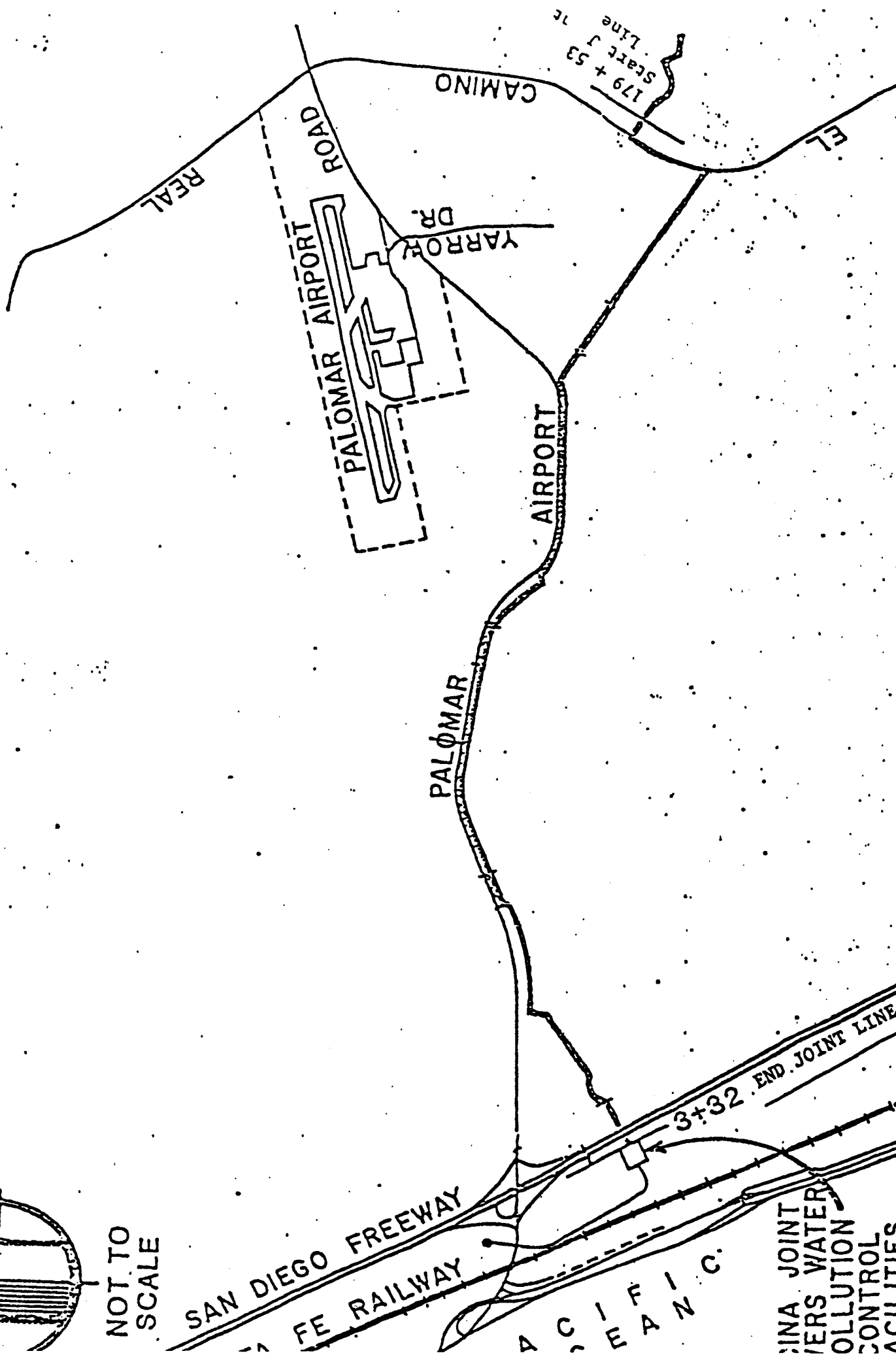


EXHIBIT "B"

EXHIBIT "B"

PALOMAR JOINT LAND OUTFALL INTERCEPTOR

PRE-CONSTRUCTION COST ALLOCATION FOR TASKS 1 AND 2

FROM TABLE 1 CAPACITY OWNERSHIP PERCENTAGES FOR THE THREE AGENCIES ARE:

CARLSBAD	23.98%
VISTA	17.99%
SAN MARCOS	58.03%

DELETING SAN MARCOS, THE OWNERSHIP PERCENTAGES ARE:

CARLSBAD	$23.98/100 - 58.03 = 57.14$
VISTA	$17.99/100 - 58.03 = 42.86$

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	SAN MARCOS SHARE	VISTA SHARE	CARLSBAD SHARE	TOTAL JOINT COST
2A2	30" VCP	11,837 Ft.	\$90.00/Ft.	\$ 618,211.00	\$ 191,652.87	\$ 255,466.13	\$ 1,065,330.00
2A3	Concrete Cradle	910 Ft.	\$25.00/Ft.	13,201.83	4,092.72	5,455.45	22,750.00
2A4	Special Bedding	2,144 Ft.	\$5.00/Ft.	6,220.82	1,928.53	2,570.65	10,720.00
5A1	24" Steel Pipe	830 Ft.	\$55.50/Ft.	26,731.52	8,287.09	11,046.39	46,065.00
5A2	Cathodic Protection	11.84%	L.S.	1,030.19	319.37	425.71	1,775.27
12	5' Dia. Std. Manhole	24	\$2,100 Ea.	29,247.12	9,066.96	12,085.92	50,400.00
13	5' Dia. Std. Manhole (25')	1	\$3,500 Ea.	2,031.05	629.65	839.30	3,500.00
15	5' Dia. Manhole (35')	1	\$5,250 Ea.	3,046.57	944.48	1,258.95	5,250.00
16	6' Dia. Std. Manhole	6	\$2,200 Ea.	7,659.96	2,374.68	3,165.36	13,200.00
17	6' Dia. Manhole (25')	1	\$4,500 Ea.	2,611.35	809.55	1,079.10	4,500.00
18	6' Dia. Manhole (35')	1	\$6,500 Ea.	3,771.95	1,169.35	1,558.70	6,500.00
19	6' Siphon Discharge Manhole	2	\$9,000 Ea.	18,445.40	3,238.20	4,316.40	26,000.00
20	Siphon Entrance MH (Protected)	2	\$4,200 Ea.	4,874.52	1,511.16	2,014.32	8,400.00
21	6' Dia. MH (Protected & Vented)	2	\$10,000 Ea.	11,606.00	3,598.00	4,796.00	20,000.00
22	5' Dia. MH (Protected)	3	\$3,500 Ea.	6,093.15	1,888.95	2,517.90	10,500.00
23	Clean Out Manhole	1	\$4,850 Ea.	2,814.46	872.51	1,163.03	4,850.00
31	Erosion Control/Restoration	L.S.	L.S.	4,199.05	1,301.76	1,735.19	7,236.00
32	Pavement Removal & Replacement	6,200 LF	\$10 LF	35,978.60	11,153.80	14,867.60	62,000.00
	Sheeting, Shoring & Bracing	L.S.	L.S.	2,820.17	874.28	1,165.39	4,859.84

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	SAN MARCOS SHARE	VISTA SHARE	CARLSBAD SHARE	TOTAL JOINT COST
34	Permits	L.S.	L.S.	\$ 3,481.80	\$ 1,079.40	\$ 1,438.80	\$ 6,000.00
35	Interruption Business Motel 6	L.S.	L.S.	5,803.00	1,799.00	2,398.00	10,000.00
39	54" Lined RCP (2500-D) in Casing	267 Ft.	\$800/Ft.	123,952.08	38,426.64	51,221.28	213,600.00
40	54" Lined RCP (2000-D)	185 Ft.	\$295/Ft.	31,669.87	9,818.04	13,087.09	54,575.00
	Special Bedding for 54" Lined RCP	185 Ft.	\$20/Ft.	2,147.11	665.63	887.26	3,700.00
4281	39" Lined Reinf. Concrete Pipe	395 Ft.	\$154/Ft.	35,299.65	10,943.32	14,587.03	60,830.00
4282	39" Lined Reinf. Concrete Pipe	70 Ft.	\$154/Ft.	6,255.64	1,939.32	2,585.04	10,780.00
4283	39" Lined Reinf. Concrete Pipe	794 Ft.	\$154/Ft.	70,956.76	21,997.45	29,321.79	122,276.00
4284	Special Bedding	385 Ft.	\$10/Ft.	2,234.15	692.62	923.23	3,850.00
43	36" VCP	1,068 Ft.	\$103.99/Ft.	64,448.88	19,979.94	26,632.50	111,061.32
44	Special Bedding 36" VCP	85 Ft.	\$6/Ft.	295.95	91.75	122.30	510.00
45	Concrete Cradle for 36" VCP	67 Ft.	\$30/Ft.	1,166.40	361.60	482.00	2,010.00
	33" VCP	557 Ft.	\$98/Ft.	31,676.26	9,820.02	13,089.72	54,586.00
47	Special Bedding for 33" VCP	45 Ft.	\$10/Ft.	261.14	80.95	107.91	450.00
48	Concrete Cradle for 33" VCP	108 Ft.	\$30/Ft.	1,880.17	582.88	776.95	3,240.00
49A	30" Steel Pipe	290 Ft.	\$80/Ft.	13,462.96	4,173.68	5,563.36	23,200.00
50	30" DIP CL50 w/Special Lining	879 Ft.	\$124/Ft.	63,250.38	19,608.38	26,137.24	108,996.00
51	Cathodic Protection (49A & 50)	L.S.	L.S.	4,642.40	1,439.20	1,918.40	8,000.00
	6' Manhole (30')	1	\$5,000/Ea.	2,901.50	899.50	1,199.00	5,000.00

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	SAN MARCOS SHARE	VISTA SHARE	CARLSBAD SHARE	TOTAL JOINT COST
53	6' Manhole (Protected)	1	\$4,650/Ea.	\$ 2,698.40	\$ 836.53	\$ 1,115.07	\$ 4,650.00
54	Relocate Carlsbad Sewer	L.S.	L.S.	1,160.60	359.80	479.60	2,000.00
55	Encina Connection (Reused)	L.S.	L.S.	63,833.00	19,789.00	26,378.00	110,000.00
TOTALS				\$ 1,326,072.81	\$ 411,098.56	\$ 547,979.06	\$ 2,285,150.43

OCCIDENTAL-CALRSBAD-LEUCADIA-ENCINITAS
AGREEMENT IN REGARD TO CONSTRUCTION
OF SEWER PIPELINE SOUTH FROM THE
ENCINA WATER POLLUTION CONTROL
FACILITY

**OCCIDENTAL-CARLSBAD-LEUCADIA-ENCINITAS AGREEMENT
IN REGARD TO CONSTRUCTION OF SEWER PIPELINE
SOUTH FROM THE ENCINA WATER POLLUTION
CONTROL FACILITY**

THIS AGREEMENT is made and entered into this 24th day of August, 1972, by and among OCCIDENTAL PETROLEUM LAND AND DEVELOPMENT CORPORATION ("Occidental"), CITY OF CARLSBAD ("Carlsbad"), LEUCADIA COUNTY WATER DISTRICT ("Leucadia"), and ENCINITAS SANITARY DISTRICT ("Encinitas").

RECITALS

A. Occidental has employed Salkin Engineering Corporation to design sewer siphon inlet and outlet structures, sewer siphons and a 27-inch sewer pipeline from a point within the Encina Water Pollution Control Facility in the City of Carlsbad to a point approximately 7,400 feet southerly of the siphon outlet structure.

B. Leucadia and Encinitas have requested the redesign of both structures and pipeline from the outlet structure to a point approximately 2,415 feet south of the outlet structure so as to increase the size of both structures and the pipeline to 39 inches to provide capacity for Leucadia and Encinitas.

C. The cost of construction of the original structures and the 27-inch line is to be borne by Occidental and the cost of over-sizing the structures and line from 27 inches to 39 inches is to be borne by Leucadia and Encinitas.

D. Both structures shall be sized to handle the ultimate capacity of the 39 inch pipeline. They shall have stub-outs for a 16 inch and 18 inch siphon. The 16 inch and 18 inch siphons from the junction stub-outs are to be constructed by Leucadia and Encinitas at their expense. The 16 inch siphon shall be constructed

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WATER DISTRICT
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prior to the time Leucadia and Encinitas connect to the 39 inch pipeline. The 18 inch siphon shall be constructed at a time prior to the time at which the combined sewer flow rates of Carlsbad, Leucadia and Encinitas exceed the combined maximum capacities of the 16 inch, 18 inch and 24 inch siphons (the latter two siphons are to be constructed by Occidental for Carlsbad as part of the original project). When the 16 inch and 18 inch siphons are constructed, the stub-outs and siphons shall be the property of Leucadia and Encinitas.

IT IS, THEREFORE, AGREED BETWEEN THE PARTIES AS FOLLOWS:

Section 1. Construction of Sewer Facilities. Occidental shall cause to be constructed the sewer facilities described above (with the exception of the 16 inch and 18 inch siphon). The pipeline and structures shall be constructed in accordance with specifications approved by Carlsbad, Leucadia and Encinitas. Plans for the pipeline shall be subject to the approval of Carlsbad, Leucadia and Encinitas. No construction shall be started until required changes or corrections, if any, have been incorporated in the final plans and the final plans have been approved by Carlsbad, Leucadia and Encinitas. No changes shall be made in the approved plans without the consent of Occidental, Carlsbad, Leucadia and Encinitas. Carlsbad, Leucadia and Encinitas shall be allowed to inspect the facilities at all stages of construction, however, primary responsibility for inspection shall rest with the City of Carlsbad. The facilities shall be constructed in strict conformity with the approved plans and specifications. Construction of the facilities shall commence by September 15, 1972, and shall be completed by January 15, 1973.

Section 2. Payment for Oversizing. The cost of the construction of the structures and pipeline shall be borne by Occidental, except for the cost of oversized which shall be borne by Leucadia and Encinitas.

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and Encinitas. Leucadia and Encinitas shall pay the cost of oversizing the portion of the pipeline that is increased in size from 27 inches to 39 inches and the inlet and outlet structures as follows:

a. For the cost of engineering, survey, and all other incidental expenses, Leucadia and Encinitas shall pay \$1,500.00, as follows: Leucadia \$1,050.00; Encinitas \$450.00. The entire sum shall be due and payable to Salkin Engineering Corporation at the time the plans are approved. Any engineering changes requested by Leucadia or Encinitas and performed by Salkin Engineering Corporation after the date of approval of this Agreement shall be paid at the rate of \$25.00 per hour for engineering plus costs for blueprints, mileage or other incidental items. Any modifications shall be approved by all parties signatory to this Agreement.

b. Leucadia shall pay 67% and Encinitas shall pay 33% of the cost of oversizing the siphon inlet and outlet structures and the difference between the 27 inch unit price and the 39 inch unit price, which cost is hereby fixed as \$20.93 per foot (including the cost of oversizing the inlet and outlet structures and the cost of constructing 40 feet of 16 inch and 40 feet of 18 inch diameter siphon barrels across the existing outfall) multiplied by the length of the 39 inch pipeline actually installed. \$27,520.20, which is the estimated total cost based upon the design length of the pipeline, shall be deposited with Occidental by Leucadia and Encinitas upon commencement of construction. The final cost, adjusted for the length of the 39 inch pipeline actually installed, shall be paid to Occidental (or

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refunded by Occidental in the event the deposit exceeds the installed cost) by Leucadia and Encinitas upon completion of construction.

c. Leucadia and Encinitas shall pay the entire cost of the manhole in La Costa Boulevard where the Leucadia-Encinitas pipeline joins the Occidental pipeline. The cost of the manhole is hereby fixed as \$1,000.00 (shared: Leucadia \$670.00; Encinitas \$330.00).

Section 3. Bond. Occidental shall file a good and sufficient bond in an amount not less than the estimated cost of the work and improvements (including the facilities described in this Agreement and all other work and improvements done under the same construction contract) securing payment to the contractor, his subcontractors and to persons renting equipment or furnishing labor or materials for the improvements. The form of the bond shall be as specified by Carlsbad, Leucadia and Encinitas.

Section 4. Dedication of Pipeline. Upon completion of the structures and the 39 inch pipeline in accordance with the approved plans and specifications, and acceptance thereof by Carlsbad, Leucadia and Encinitas, Occidental shall convey it to Carlsbad, Leucadia and Encinitas, who shall take title to and own the structures and the 39 inch pipeline as follows:

Leucadia - 40.3%

Encinitas - 19.7%

Carlsbad - 40.0%

The costs of maintaining, operating and repairing the inlet and outlet structures, all siphons, and the 39 inch pipeline shall be borne 40.3% by Leucadia, 19.7% by Encinitas and 40.0% by Carlsbad. Carlsbad shall manage the maintenance of the foregoing facilities (by contracting with San Diego County or in some other man-

SAN DIEGO COUNTY
WATER DISTRICT
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BY _____

ner acceptable to Leucadia and Encinitas) and will bill Leucadia for 40.3% and Encinitas for 19.7% of the maintenance costs. (The 27 inch pipeline south from the 39 inch pipeline shall be owned, maintained, operated and repaired 100% by Carlsbad.)

Section 5. Warranty. Occidental shall, and hereby does, warrant workmanship and materials for the structures and pipeline for a period of one year after the date of acceptance of the pipeline by Carlsbad, Leucadia and Encinitas. Occidental shall repair or replace any and all such faulty workmanship or materials (including settlement of backfill), together with any other work which may be displaced in so doing, within a one-year period from the date of acceptance of the work by Carlsbad, Leucadia and Encinitas without expense whatsoever to Carlsbad, Leucadia or Encinitas, ordinary wear and tear, unusual abuse or neglect excepted.

Section 6. Easements. This Agreement is contingent and conditional upon the receipt of grants of easement to Leucadia and Encinitas (at no cost to them) covering property in which the sewer facilities are to be located in all instances where the facilities are not to be located in dedicated streets. The legal descriptions and title conveyed must meet with the approval of Leucadia and Encinitas (as evidenced by policies of title insurance which shall be procured).

IN WITNESS WHEREOF, this Agreement has been signed by the parties on the date indicated below:

Dated: 5-27-72

OCCIDENTAL PETROLEUM LAND
AND DEVELOPMENT CORPORATION

By *James J. [unclear]*
First Vice President

Dated: September 29, 1972

CITY OF CARLSBAD

By *E. L. Cannon*

ATTEST:

W. [unclear] & [unclear]
WATER DISTRICT
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JUN 1 1974

BY _____

Dated: August 29, 1972

LEUCADIA COUNTY WATER DISTRICT

By Harold Penning

By Robert E. Lawrence

Dated: AUG 29 1972

ENCINITAS SANITARY DISTRICT

By C. D. Encher

By Dr. H. Paul

WATER DISTRICT
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BY _____

TABLE 3-4 Summary of Sewer Collection System Components					
Diana	10	2,300	AC	03-0100	1962
Encinitas Estates	6	2,230	AC	05-9080	1974
Village Park 5	6	1,945	PVC	06-0270	1974
Village Park 7	6	1,500	AC	07-0330	1973
Rancho Verde	4	460	PVC	10-12160	1997
Meadows 1	4	860	AC	11-6050	1971
Meadows 3	6	1,187	AC	11-6095	1972

3.4.4 Miscellaneous System Components

3.4.4.1 Inter-Agency Agreements

Wastewater collection systems operate primarily on a gravity flow basis. However, political boundaries are not always established to match natural drainage contours. As a result, some portions of a given service area may drain in a undesirable direction, away from the remainder of the gravity collection system. In some of these cases, there is no viable way to avoid pumping, and pump stations are constructed. In others, inter-agency agreements can be developed to allow the wastewater flows to be conveyed into the collection system of an adjacent District or agency.

The District has entered into several such agreements with both the Carlsbad Municipal Water District, and the Cardiff Sanitation District. These agreements include wastewater conveyance both into and out of the District, and are sometimes located along the District boundary. Inter-agency agreements are typically interim agreements designed to provide wastewater service to an isolated development prior to construction of identified collection facilities, these agreements have a fixed term, and are eventually terminated. However, some agreements are designed to provide long-term or permanent service to isolated developments. Under these circumstances, the agreement is typically terminated when the isolated development is either annexed into or de-annexed from the District. The following discussions provide a list of the current inter-agency agreements maintained by the District:

- Rancho Verde Unit 4, Carlsbad Tract 89-18. The District's jurisdictional boundary includes the City of Carlsbad Tract 89-18, also known as Rancho Verde Unit 4. This property was approved by the City of Carlsbad for an 18 lot residential subdivision. The City of Carlsbad conditioned this development to annex to the District based on sewer availability. The topography of the property is such that wastewater collected on the property cannot gravity

AGREEMENT BETWEEN THE LEUCADIA COUNTY WATER DISTRICT
AND
THE CITY OF CARLSBAD
REGARDING THE WOOLLEY ANNEXATION

A G R E E M E N T

This agreement is made by and between the CITY OF CARLSBAD ("City"), a California municipal corporation, and the LEUCADIA COUNTY WATER DISTRICT ("LCWD").

R E C I T A L S

1. WHEREAS, there is a proposed annexation ("The Annexation") to the City of Carlsbad, identified as the Woolley Annexation; and
2. WHEREAS, the major portion of the annexation is located within the sewer service area of LCWD and the remaining small portion is within LCWD's draft Sphere of Influence; and
3. WHEREAS, with some additions to be supplied by the developer of the annexation, LCWD has existing transmission facilities in the area of the annexation; and
4. WHEREAS, LCWD has existing facilities for the collection and treatment of sewage from the annexation area; and
5. WHEREAS, the parties to the annexation proceedings at LAFCO desire that the annexation be approved by the LAFCO commission as soon as possible; and
6. WHEREAS, the parties to this agreement desire to settle any possible conflicts on sewer service to the annexation.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. City agrees that sewer service to the annexation within the LCWD sewer service area as shown on the map attached hereto marked Exhibit "A" and incorporated herein by this reference, shall be supplied by LCWD.

2. LCWD agrees to provide such services on a nondiscriminatory basis according to LCWD policies, ordinances, rules and regulations adopted by LCWD from time to time.

3. City shall not levy any tax for sewer service or facilities or for general obligation bonds of the City relating to sewer service facilities on the property within the area served by LCWD as shown on Exhibit "A" and shall affirmatively exclude such area from all such taxation.

4. The commission be requested to consider this agreement as one of the salient facts bearing on their consideration of the annexation.

5. Each party to this agreement agrees to take any and all other necessary action to carry out the intent of this agreement.

6. The effective date of this agreement is _____
1984.

IN WITNESS WHEREOF, each of the parties hereto has caused this agreement to be executed by their respective officers theretofore duly authorized.

CITY OF CARLSBAD

Mary H. Casler
MARY H. CASLER, Mayor

Aletha L. Rautenkranz
ALETHA L. RAUTENKRANZ, City Clerk

AUTHORIZED BY RESOLUTION NO. 7534 OF THE CITY COUNCIL OF THE CITY OF CARLSBAD
DULY ADOPTED ON April 24, 1984.

LEUCADIA COUNTY WATER DISTRICT

LOIS HUMPHREYS, President

JOAN GEISELHART, Secretary-Manager

AUTHORIZED BY RESOLUTION NO. _____ OF THE LEUCADIA COUNTY WATER DISTRICT DULY
ADOPTED BY ITS BOARD OF DIRECTORS ON _____.

flow to the District's facilities, but could gravity flow to Cardiff Sanitation District. LAFCO staff discouraged the concept of this City of Carlsbad property from annexing to Cardiff SD, which is a City of Encinitas sewer service district. The District and the developer agreed that this area would best be served by gravity sewer service to Cardiff Sanitation District. Through cooperative efforts between the District, the developer, and Cardiff Sanitation District, service to this area is now provided by Cardiff Sanitation District in accordance with an Interagency Agreement To Provide Wastewater Collection, Treatment, and Disposal Service effective August 1998.

Subject to the terms of the Interagency Agreement, Cardiff Sanitation District is responsible for plan checking, easements, construction inspection, maintenance, collection of sewer service fees, and all other responsibilities normally provided by the sewerage agency for all of the on-site facilities within the District and all off-site facilities in Cardiff Sanitation District. There are separate agreements between the District and the developer, and between Cardiff Sanitation District and the developer, governing other remaining details.

The Rancho Verde Unit 4 Interagency Agreement shall remain in force so long as the property is not detached from the District and allows for initiation of annexation to Cardiff Sanitation District at the discretion and effort of Cardiff Sanitation District.

- Rancho Carrillo Village Q4, Carlsbad Tract 93-04. The City of Carlsbad's jurisdictional boundary for sewer service includes the City of Carlsbad Tract 93-04, also known as Rancho Carrillo Village Q4. This property was approved by the City of Carlsbad for a 25 lot subdivision. The topography of the property is such that wastewater collected on the property will flow to the City of Carlsbad in the future after additional off-site gravity conveyance facilities are constructed. The City of Carlsbad and the developer requested a temporary connection to the wet well of the District's Meadows III Pump Station. A Reimbursement Agreement for Temporary Wastewater Collection was approved in October 1998. The agreement will remain in force until off-site facilities tributary to Carlsbad are completed, which is anticipated to be a period of less than 10 years. As part of the Agreement, the City of Carlsbad will reimburse the District quarterly for 100 percent of the District's sewer service charges in effect at the time.

It is recommended that the District consider negotiating a future agreement with the City of Carlsbad for the detachment of about 68 lots now in the District and now served by the Meadows III Pump Station. These lots could be served in the future by the City of Carlsbad and the Meadows III Pump Station could be demolished, if such an agreement were approved by both agencies.

*
investigate

- Carrillo Estates Unit No. 2, Carlsbad Tract 73-29. The City of Carlsbad's jurisdictional boundary for sewer service includes the City of Carlsbad Tract 73-29, also known as Carrillo Estates Unit No. 2. This property was approved by the City of Carlsbad for a 111 lot subdivision. The topography of the property is such that wastewater collected on the property will flow to the City of Carlsbad in the future after additional off-site gravity conveyance facilities are constructed.

Agreements were required between the District and the City, and between the District and the developer. The developer was responsible for on-site gravity sewer improvements and off-site improvements to the Meadows I Pump Station. In accordance with the agreement, the City pays quarterly to the District for the term of the agreement an amount equal to 75 percent of the City's charges to the property owners. In addition, 111 EDU's of capacity and flow are to be transferred from District to City on EWA flow and EDU reports until such time as the wastewater service by the District is terminated.

This agreement has been in effect since 1981 and shall not expire until wastewater collection facilities tributary to the City of Carlsbad system have been constructed and connected.

3.4.4.2 Septage Receiving Station

The District maintains a septage receiving station at the Batiquitos Pump Station. This facility is designed to allow wastewater to be trucked to the Batiquitos site and discharged into the wetwell of the station, where it is then pumped to the EWA plant for treatment and disposal. The Batiquitos septage station is used exclusively by District staff for discharge of wastes collected using the District's two Vactor trucks. These trucks are used to clean wastewater pipelines, dewater wastewater facilities, and generally collect and transport miscellaneous wastewater volumes.

3.5 WASTEWATER TREATMENT AND DISPOSAL

The District has recently undergone a significant change in its overall operation with regard to wastewater treatment. Traditionally, the District has maintained two separate facilities for treatment of collected wastewater, including the Gafner Water Reclamation Plant and the EWA Water Pollution Control Facility. The following discussions focus on defining the historical and current operation of the District's treatment systems. Chapter 8 of this Master Plan is dedicated to a full discussion of the District's future planning for wastewater treatment and disposal, primarily regarding the EWA treatment facility.

WOOLLEY ANNEXATION

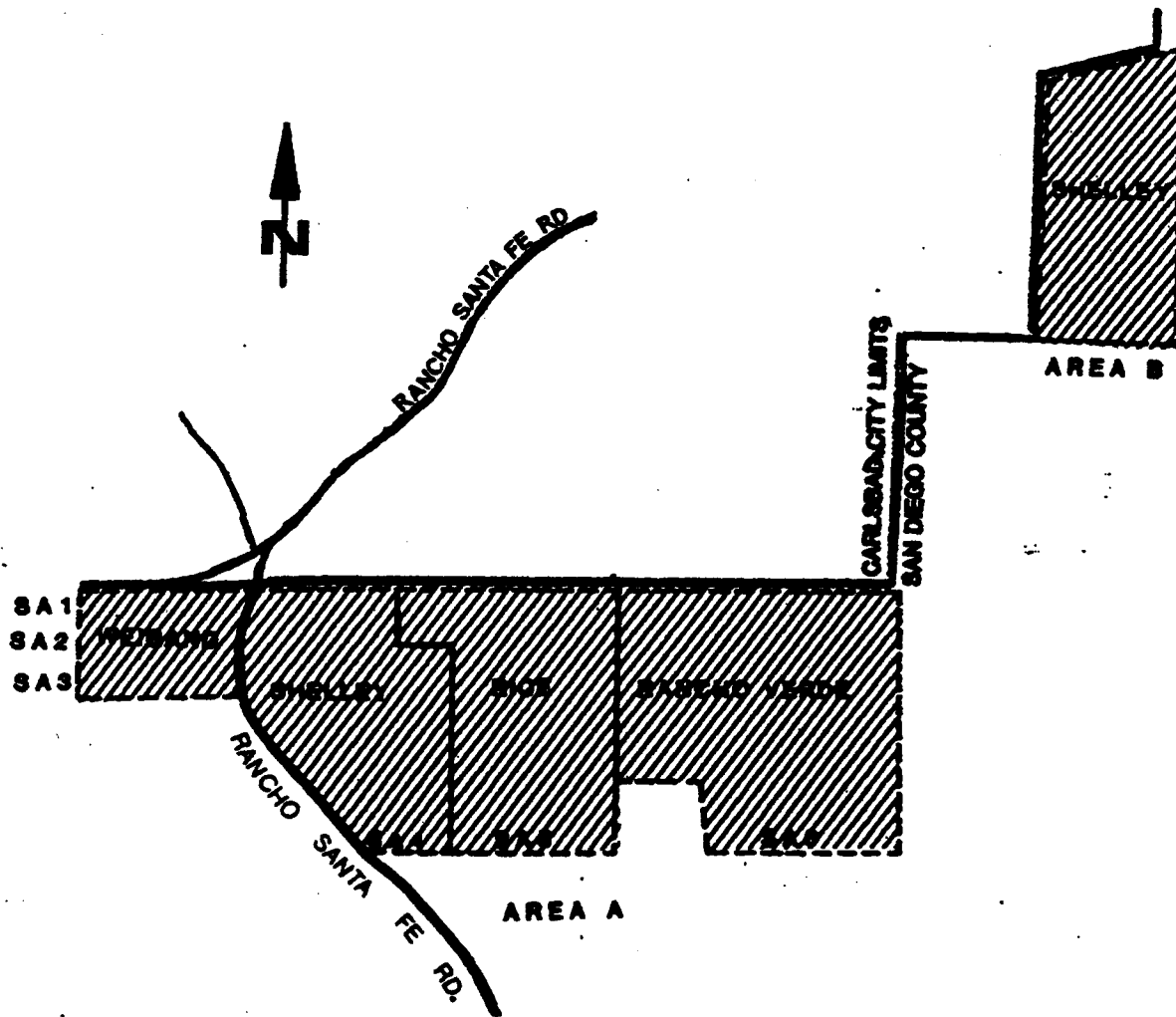


EXHIBIT A

**AGREEMENT FOR EXCHANGE OF SEWAGE FLOWS
BETWEEN THE VALLECITOS WATER DISTRICT
AND THE CITY OF CARLSBAD
(MEADOWLARK ESTATES/RANCHO CARRILLO SEWER FLOW AGREEMENT)**

This Agreement for Exchange of Sewage Flows ("Agreement") is made and entered into by and between the VALLECITOS WATER DISTRICT ("VALLECITOS"), a public agency organized and existing pursuant to the County Water District Law, California Water Code section 30000 et seq., and the CITY OF CARLSBAD ("CITY"), a municipal corporation of the State of California, with reference to the following recitals:

R-E-C-I-T-A-L-S

A. VALLECITOS and CITY are members of the Encina Wastewater Pollution Control Facility ("ENCINA"), through which member agencies own and operate facilities for the treatment and disposal of sewage effluent in the region.

B. The land outfall sewer to ENCINA is owned and operated by VALLECITOS and provides sewer conveyance capacity for VALLECITOS and CITY from El Camino Real west to ENCINA.

C. VALLECITOS and CITY desire to take advantage of more efficient and cost-effective transfers of certain sewage flows from VALLECITOS through CITY's Rancho Carrillo Sewer Facilities ("Rancho Carrillo Sewer"), which convey sewage to the land outfall sewer at El Camino Real, pursuant to the terms and conditions of this Agreement as shown on the attached Exhibit "A."

D. VALLECITOS and CITY at all times shall remain responsible for providing sewer service to the customers and land owners within the respective boundaries of each agency.

NOW, THEREFORE, it is agreed by and between the parties as follows:

AGREEMENT

Section 1. **Flow Exchange Area.** VALLECITOS and CITY have determined that some customers may be better served by gravity sewage flows through the Rancho Carrillo Sewer, and VALLECITOS shall transfer specific sewage flows from eighty (80) single-family homes within the boundaries of VALLECITOS to the Rancho Carrillo Sewer as shown on the attached Exhibit "A."

Section 2. **Capacity Purchased.** CITY has determined that adequate capacity is available and, as part of this Agreement, VALLECITOS agrees to pay CITY a one-time capital facility charge of \$963.00 per equivalent dwelling unit, with an average flow of 220 gallons per day, for permanent use of the Rancho Carrillo Sewer by the 80 single-family homes as shown on the attached Exhibit "A."

Section 3. **Discharge Standards.** All transferred sewage flows from VALLECITOS to CITY shall meet federal, state, and local discharge requirements, which shall include all industrial waste discharge limitations.

Section 4. **Payment of Operation & Maintenance Compensation.** To compensate CITY for costs of operation and maintenance of the Rancho Carrillo Sewer, VALLECITOS shall pay CITY quarterly a sum equal to one hundred percent (100%) of the CITY's then

current sewer charge. Nothing in this Agreement shall restrict the CITY's power to adjust its sewer service charges. The current rate is \$13 per equivalent dwelling unit.

Section 5. Maintenance of Facilities. It shall be VALLECITOS' responsibility to maintain its sewer system in a state of repair and maintenance that will prevent excessive infiltration and inflow from entering the CITY's Rancho Carrillo Sewer.

Section 6. ENCINA Capacity Adjustment. Flows from VALLECITOS to the Rancho Carrillo Sewer shall be allocated to VALLECITOS for purposes of capacity charges at ENCINA. VALLECITOS will provide an allowance for the connected flows and monthly flow reports to ensure CITY is not charged by ENCINA for flows from VALLECITOS. The adjustment will be based upon readings taken and reported at the VAI meter site.

Section 7. Miscellaneous Provisions.

7.1 Venue. In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the parties agree that venue shall lie only in the federal or state courts in or nearest to the North County Judicial District, County of San Diego, State of California.

7.2 Modification. This Agreement may not be altered in whole or in part except by a modification, in writing, executed by all the parties to this Agreement.

7.3 Incorporation of Service Agreement. This Agreement and the terms and conditions shall be incorporated by reference as an exhibit to the service agreement entered into by the agencies and the customer receiving the exchange of sewage flows.

7.4 Entire Agreement. This Agreement, together with all the exhibits attached to this Agreement, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, or agreements, whether or not such correspondence, memoranda, or agreements are in conflict with this Agreement, are intended to be replaced in total by this Agreement and its exhibits.

7.5 Indemnification. VALLECITOS agrees to indemnify and hold the CITY, its officers, and employees harmless for any injuries, damages, costs, and judgments, which are caused by or are the result of any negligent or wrongful act or omission of VALLECITOS or arising from the exercise of any rights by VALLECITOS under this Agreement.

7.6 Effective Date. The effective date of this Agreement is MARCH 24, 2000.

"VALLECITOS":

VALLECITOS WATER DISTRICT

By


President

Board of Directors

"CITY":

CITY OF CARLSBAD

By


Mayor

By


City Clerk

REIMBURSEMENT AGREEMENT FOR WASTEWATER TREATMENT
AND DISPOSAL FOR CARLSBAD TRACT NO. 73-29
CARRILLO ESTATES UNIT NO. 2

This Agreement is made and entered into in the County of San Diego, State of California, by and between the LEUCADIA COUNTY WATER DISTRICT (hereinafter "DISTRICT") and the CITY OF CARLSBAD (hereinafter "CITY") with reference to the following facts:

RECITALS

A. PONDEROSA HOMES (hereinafter "PONDEROSA") is the owner of that certain real property located in the City of Carlsbad, County of San Diego, State of California, known as Tract No. 73-29, Carrillo Estates Unit No. 2 (hereinafter the "Subject Tract"), said tract to consist of 111 dwelling units.

B. DISTRICT is a public entity organized and functioning pursuant to the County Water District Law, California Water Code section 30000.

C. City is a general Law City (Gov. Code, section 34102), organized and functioning pursuant to the provisions of the California Constitution, Art. XI, section 2(a) and Government Code section 36501 et seq.

D. PONDEROSA has received tentative map approval from CITY and filed improvement plans, tract map and grading plans with CITY for the development of the Subject Tract.

E. PONDEROSA desires to develop Subject Tract and proceed with the construction of the 111 dwelling units contained therein, but has been unable to continue with development and construction due to the present lack of wastewater conveyance and treatment facilities in the area.

F. DISTRICT has wastewater conveyance facilities from Subject Tract to the Encina Water Pollution Control Facility (hereinafter the "Encina WPCF") and is willing to provide PONDEROSA with interim transportation of wastewater to the Encina WPCF through its conveyance facilities until such time that Subject Tract is served by other facilities.

G. CITY contemplates that other wastewater transmission or treatment facilities will be constructed to serve the area in which the Subject Tract is located. Until such time, CITY desires to compensate DISTRICT for the costs of conveyance and treatment of wastewater generated from the Subject Tract.

NOW THEREFORE, it is agreed by and between the parties as follows:

AGREEMENT

Section 1. DISTRICT agrees that for the term of this Agreement, as defined in Section 2, it will convey wastewater from all 111 units of Subject Tract to the Encina WPCF.

Section 2. This Agreement shall expire when both of the following have occurred: (1) wastewater transmission or treatment facilities serving the Subject Tract have been constructed and accepted by City and (2) the sewage collection system serving the Subject Tract has been connected to said facilities.

Section 3. CITY shall have the right and duty to charge the owners of all or any part of the Subject Tract its usual and customary charges for sewer services.

Section 4. To compensate DISTRICT for costs of operation and maintenance of the wastewater conveyance facilities servicing the Subject Tract and costs of treatment of sewage from the Subject Tract at the Encina WPCF, CITY shall pay DISTRICT quarterly, for the term of this Agreement, a sum equal to 75 percent of the CITY's charges to owners of the Subject Tract for sewer service. The remaining percentage of said charges generally represent the CITY's costs of billing and collection.

Section 5. One Equivalent Dwelling Unit (hereinafter "E.D.U.") of capacity, per dwelling unit, to a maximum of 111 E.D.U.s, shall be transferred from DISTRICT TO CITY on the monthly flow and E.D.U. report for Encina WPCF until such time as wastewater transmission through DISTRICT's sanitary sewer facilities is discontinued. Said transfer shall be made six months after the issuance of a building permit on any dwelling unit on the Subject Tract. The aforementioned transfer shall be for purposes of allocating capacity between DISTRICT and CITY only and shall not affect billing for sewage treatment. For purposes of this Agreement one E.D.U. shall equal 238 gallons per day.

Section 6. No party to this Agreement shall be entitled to assign all or any portion of its rights or obligations contained herein without obtaining the prior written consent of the other parties; such consent shall not be unreasonably withheld.

Section 7. This Agreement shall inure to the benefit and be binding upon all of the parties hereto and their respective successors, heirs and assigns.

Section 8. This Agreement, and any disputes relating to this Agreement, shall be governed by the laws of the State of New York.

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RESOLUTION NO. 2000-172

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CARLSBAD, CALIFORNIA, TO APPROVE AND AUTHORIZE
EXECUTION OF REIMBURSEMENT AGREEMENT FOR
TEMPORARY WASTEWATER COLLECTION FOR CARLSBAD
TRACT NO. 93-04 WITH LEUCADIA COUNTY WATER DISTRICT.

WHEREAS, Carlsbad Tract 93-04 is located within the City of Carlsbad and is
within the City's sewer service area; and

WHEREAS, the City is unable to provide sewer service to 25 residential units
within Carlsbad Tract No. 93-04 until the Bressi Ranch property is developed; and

WHEREAS, the Leucadia County Water District has an existing sewer system that
is able to provide adequate sewer service on a temporary basis to 25 residential units in
Carlsbad Tract No. 93-04; and

WHEREAS, a Reimbursement Agreement with Leucadia County Water District
has been prepared to provide for the temporary sewer service and requires the City to
collect from the 25 residential units the sewer service charge imposed by Leucadia
County Water District and to pay this charge on a quarterly basis to Leucadia County
Water District.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of
Carlsbad, California, as follows:

1. That the above recitations are true and correct.

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1 2. That the Mayor is authorized and directed to execute the Reimbursement
2 Agreement for Temporary Wastewater Collection for Carlsbad Tract No. 93-04 with
3 Leucadia County Water District.
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5 PASSED, APPROVED AND ADOPTED at a regular meeting of the Carlsbad City Council
6 held on the 6th day of June, 2000 by the following vote, to wit:
7

8 AYES: Council Members Lewis, Hall, Finnilla, Nygaard and Kulchin

9 NOES: None

10 ABSENT: None

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12 _____
13 CLAUDE A. LEWIS, Mayor

14 ATTEST:

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16 _____
17 LORRAINE M. WOOD, City Clerk
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(SEAL)